

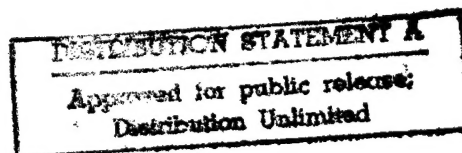
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1 February 1984

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FUTURE METHANOL PLANT TO GENERATE \$100 MILLION IN EXPORTS

Buenos Aires LA NACION in Spanish 24 Dec 83 sec 3 p 1

[Interview with Oscar Volpe and Roberto Craig by LA NACION: "Methanol Coming to Tierra del Fuego"; date and place not given]

[Text] Mr Oscar Volpe and engineer Roberto Craig, the president and manager of Southern Petrochemicals Company, which has succeeded in getting its project for the exploitation of Tierra del Fuego natural gas approved, are showing themselves to be visibly optimistic about the future of their company. This company has the job of erecting a plant to produce methanol in the vicinity of Rio Grande. Once it is in operation, the plant will be able to provide jobs for 100 people and export \$100 million worth of methanol a year.

Interview with the Company Directors

While discussing the subject, they informed us that this is the only project that has been approved since these large reserves of natural gas were discovered in Argentina. "You have no idea how long an approval can be in coming," they said. "From the time the secretary of industry told us that the project had convinced him until Bignone signed it, shortly before he surrendered command, 6 and a half months went by, purely because of administrative procedures since industry had already analyzed the technical part of the project. We even had to get the approval of the Department of Military Manufactures."

[Question] How much methanol are you going to produce?

[Answer] Approximately 680,000 tons a year. All of it for export during the first phase; that is, at \$140 a ton we will export approximately \$100 million worth.

[Question] Is there a market for this product?

[Answer] Yes, with the price of gasoline rising, we can more clearly see the future this product has. Just think, it costs only \$140 a ton as against the \$270 or \$300 (depending on the quality) gasoline costs.

[Question] But can methanol replace gasoline?

[Answer] We think it will in future. For the time being it can be mixed with up to 4 percent methanol, which in the case of Argentina would permit us to export a more expensive product such as is the case with gasoline. On the U.S. west coast they are experimenting with mixtures of up to 8 percent.

[Question] What other applications does it have?

[Answer] Before answering your question, to fill you in on the above idea, I would say that you must not forget that the first internal combustion engines used methanol as a fuel. Then, when cheap oil appeared on the market, it was dropped. Another application is in the production of MTB (isobutylene plus methanol), which successfully replaces the lead in gasolines and has the advantage of being nonpolluting. That is why they are interested in it in the United States, aside from the economic advantage, since the pollution caused in California is a very serious problem.

[Question] And in Argentina?

[Answer] For the moment Argentina consumes only 38,000 tons a year of methanol, produced by the firms, ATANOR [expansion unknown] and Casco. We think that the advantages of this product will be obvious in time. To go on with its applications, methanol is used in the chemical industry in the production of resins, aldehydes, acetic acid, etc.

[Question] If in Argentina methanol were to be added to gasoline, how much would be consumed?

[Answer] Approximately 250,000 tons a year. Much less than the plant will produce. Look, it's no secret that in the northern part of our country they are already adding alcohol to gasoline, ethyl alcohol in this case. The same thing can be done with methanol.

[Question] What raw material will you use?

[Answer] The natural gas we receive from the separating plant at San Sebastian. There propane and butane are separated from natural gas and the State Gas Company delivers the remaining gas to us to extract methane from, which we convert into methanol.

[Question] At what price?

[Answer] At 80 cents per million BTU's. That's expensive when we compare it with the Saudi Arabian price (50 cents), but our project is nonetheless economically feasible. The method used to calculate the price of natural gas is, in our opinion, correct because the closer you are to the wellhead the lower the price, since you don't have to be charged for the cost of the gas pipeline. We are alongside the well. On the other hand, the exploitation of natural gas from Tierra del Fuego is difficult since we have so much gas that is closer to the big consumer centers.

[Question] How long will it take to complete the project?

[Answer] Forty months. And this also takes into account weather conditions. In Tierra del Fuego there are 6 months during which it's difficult to operate. During that time we will also build permanent housing units for the personnel.

[Question] Have you bought the land?

[Answer] Look, the land to build the plant on is the least important consideration. We don't need much, but the ideal site is a place called the Mission, which belongs to the Salesians. We are discussing the matter with them.

[Question] But, if you want to export, you'll have to build a port, won't you?

[Answer] No, it will be exported from an offshore buoy. Methanol is a liquid, like alcohol. We'll use ships of from 30 to 40 tons. It wouldn't be economical to use smaller ships. On the other hand, while Tierra del Fuego is far from the markets, it is also a fact that it can supply the markets of both the Atlantic and the Pacific under like conditions.

[Question] How much will the investment come to?

[Answer] To \$300 million.

[Question] That's a lot of money. Who owns the company?

[Answer] We do, we Argentines. There are none of us to whom it does not belong.

[Question] Do you have the \$300 million?

[Answer] No, but the contract provides for us to have tax exemptions and deferments which we can convert into preferred stock. Furthermore, we are counting on supplier financing.

[Question] By whom?

[Answer] By a Spanish state syndicate, FOCOEX [expansion unknown], composed of the Foreign Bank, the Ministry of Commerce and the INI [National Institute of Industry]. The interesting thing is that we are not asking for the backing of the Argentine Government; that is, the Argentine Government runs no risk in this operation. We need the Spanish Government's guarantee through the Export-Credit Insurance Agency to obtain financing.

[Question] Did you always rely on Spanish financing?

[Answer] No, at first we had British financing, which was abandoned because of the Malvinas conflict.

[Question] What method will you use?

[Answer] The ICI (Imperial Chemical Industries) low-pressure technique. You see, this type of plant is proliferating. They exist in those countries that

have access to cheap raw materials, like Canada, Saudi Arabia, the USSR, Mexico and Libya, for example.

[Question] Will the equipment be imported?

[Answer] In part it will be imported from Spain, which will be financing the operation. And some of it will be made in Argentina. Actually, all of it could be manufactured here, but it so happens that there is no local financing. We must resort to foreign sources of supply for financial reasons.

[Question] How much will you import?

[Answer] We are authorized to go as high as \$113 million plus 5 percent under the heading of spare parts. We do not plan to use all of it because local firms can supply a lot of items.

[Question] Are you included in the Tierra del Fuego Promotion Law?

[Answer] No, we are excluded from Law 19640 and, furthermore, the contract prevents us from including ourselves in any other promotion system. We fall within the framework of Decree 814/79, known as the petrochemicals decree.

[Question] And will you have a right to refunds for exports?

[Answer] Yes, those issued through the Patagonian promotion system, which in the case of Tierra del Fuego will come to 12 percent plus 5 percent under the heading of nonconventional exports. We understand that the Radical government plans to increase this last-named benefit. In any event, under the present circumstances the project is economically feasible.

[Question] Would you please tell me again what the price of methanol is?

[Answer] It is today approximately \$140 CIF Rotterdam. It's low due to the worldwide recession. It was \$240 a ton 2 years ago. As with everything, the future is contingent on recovery of the world economy. But we are not complaining because even at this price the project will continue to produce income.

[Question] Will you use much natural gas?

[Answer] We will consume approximately over a tenth of the consumption of the city of Buenos Aires. Argentina consumes 35 million cubic meters a day; we will consume 1.8 million cubic meters a day to produce 2,000 tons of methanol.

[Question] Will the chief consumers be from the private sector?

[Answer] No, there are companies like Loma Negra that consume a lot of gas. ACINDAR [Argentine Steel Industries Inc] also does so in its direct-reduction plant.

[Question] How much a year will the State Gas Company collect from you?

[Answer] Approximately \$17 million. Money it wouldn't receive because it's hard to make use of this gas in any other way. Moreover, it will avoid the cost of reinjection.

[Question] Is this the gas the Total Company will be producing offshore?

[Answer] No, this is another deposit. There is a lot of gas in our country. I think that utilization of the gas Total produces will also have to be more costly. It's hard to transport it to consumption centers. And if it isn't used to extract the oil with which it comes out of the ground, it will have to be reinjected or burned.

[Question] What is the term of the contract?

[Answer] Twelve years. But it has been proven that there is enough gas at the site for the consumption of a plant like the one we are contemplating for a period of 50 years. Our project is a sound and profitable one.

[Question] Considering the fact that we consume only 38,000 tons a year in Argentina, isn't this plant too big?

[Answer] No, a smaller plant wouldn't be economical. That's why we're going to export all or almost all of its production.

[Question] And the Spaniard's interest rates?

[Answer] Fortunately, they have dropped 0.9 percent of a point. They are at 10.6 percent. This is another favorable point.

[Question] Will the operation be contracted for in dollars or pesetas?

[Answer] In dollars.

[Question] What opinion do you think the Radical government will have of this project?

[Answer] We know that they want to promote the petrochemicals industry and that our project figured among those that were discussed with Felipe Gonzalez when he visited Argentina for the transfer of presidential power.

Methanol Versus Gasoline

Now at the end of our conversation with the directors of Southern Petrochemicals they went back to talking about the use of methanol as a fuel for automobile engines. They pointed out to us that it would be some time before this fuel would be fully utilized because it requires a total change of engine.

[Question] But, we ask, what about the quality of the fuel?

[Answer] It's very good, with a high octane rating.

11,466

CSO: 3348/155

SECOND GASOHOL PLANT BEGINS OPERATIONS IN TUCUMAN

Buenos Aires LA NACION in Spanish 26 Dec 83 p 15

[Text] San Miguel del Tucuman--At the San Ygnacio distillery the secretary of commerce, industry and mining, engineer Jesus E. Gordillo, and the head of the Senate, engineer Jose Domato, presided over the inauguration ceremony for the dehydrated alcohol plant, alcohol destined to be mixed with gasoline to produce gasohol.

The ceremony began with an exposition by members of the firm's managerial staff who reported on a number of specifications and noted that the installations to manufacture anhydride alcohol have a capacity of 7 million liters a year, an amount that represents 45 percent of the total plant capacity. The rest is 96-percent alcohol.

Engineers Gordillo and Domato immediately put the plant into operation, turning the appropriate valve for starting the machinery that dehydrates the alcohol. Then the chairman of the Support Committee for the Gasohol Plan, Dr Rodolfo Geronimo Teran, spoke.

The chairman in a way confirmed his support of the group that is conducting this initiative, referring to the union of big companies that are directing their efforts in pursuit of the manufacture of gasohol, which is already being produced in Tucuman and in the north. After Dr Teran's speech, engineer Gordillo, who said the following, spoke:

Criticisms

"In view of the statements recently made by national officials," he said, "like engineer Conrado Storani, the national secretary of state for energy, and the president of YPF [Government Oil Deposits], who ignore or minimize the importance of the gasohol project in open contradiction to the statements repeatedly made by important figures of the Radical movement in Tucuman, I believe it opportune at this time to reiterate the importance our government assigns to this project, not only at the provincial level, but also because of its importance for the northern region and the nation itself."

Then he went on to say that "for this reason, and adopting a position of not only formally political but also economic federalism, I repeat that it is absolutely necessary for the provincial governments to participate in the

planning and execution of major national policies that directly or indirectly affect the development of the regional economies."

Concurrent Solutions

Gordillo pointed out that "gasohol and gas are not opposed to one another. They are concurrent solutions to restore to the country the greatest degree of freedom in energy affairs. The northern part of our country has land, men and technology enough to deal with this challenge. We cannot afford the luxury of not exploiting these resources."

And lastly, he stated that "the country is without delay in need of clarity in those political decisions that will shape our national destiny. It is the responsibility of the national Secretariat of State for Energy to listen to the entire nation, to speak clearly and define responsibilities and goals for the alcohol-producing sectors."

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CSO: 3348/155

PIEDRA DEL AGUILA HYDROELECTRIC PROJECT TO MOVE FORWARD

Buenos Aires LA NACION in Spanish 26 Dec 83 p 16

[Article: "HIDRONOR Grants Priority to Piedra del Aguila"]

[Text] While sources associated with the company noted that HIDRONOR's [North Patagonia Hydroelectric Company] greatest challenge will be the construction of the Piedra del Aguila dam, the company's new head, Dr Garcia Puente, announced that he would call on all the Patagonian provinces and public and private organizations to make an effort to progress in the struggle against the desert, undertake irrigation and fertilization projects and introduce crops for consumption and export.

Dr Garcia Puente also indicated that the creation of technical and occupational training institutes in the Comahue is being planned.

In connection with this, he said that HIDRONOR's new board of directors agree that the commitment made by many generations of Argentines "demands of us that we integrate Patagonia and begin to break the hold of the desert in the southern part of the country by planning to take concrete steps in that direction."

When he installed the new head of that state company in office, the minister of public works and services, engineer Roque Carranza, emphasized the role appropriate to HIDRONOR, indicating that it was "a milestone in the development of the country's energy resources."

The Project

The Inter-American Development Bank has made a commitment to finance the Piedra del Aguila dam, a hydroelectric development project in the province of Rio Negro.

On 21 October last the firm of HIDRONOR received bids from 10 firms previously qualified to participate in public works, among which Argentine and foreign firms figured.

These bids were submitted by the following consortiums: COFEGAR [expansion unknown], Spa and Associates General Construction Company, Argentine Construction Workers Union, Piedra del Aguila Public Works Development Corporation,

Entrecanales and Tavora Inc, Odebrecht-Benito, Roggio-Polledo-Tecnobridas, Techint-Sade, Dumez and Associates, Rio Limay, Guy F. Atkinson Company and Associates and Gran Limay.

Consequently, the next step is the awarding of contracts for these projects to some of the competing firms and the beginning of construction of the dam.

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CSO: 3348/155

HYDROELECTRIC PLANT CONSTRUCTION IN ANGOLA TO BE PAID IN OIL

Rio de Janeiro GAZETA MERCANTIL in Portuguese 21 Dec 83 p 3

[Article by Sergio Danilo]

[Text] Mines and Energy Minister Cesar Cals, who returned from Angola yesterday morning, announced the conclusion of negotiations for construction of the hydroelectric plant in Kapanda in exchange for the supply of oil to Brazil. The Angolans agreed to the Brazilian proposal that the Soviet Union (formerly the principal executor of the project) come in as the supplier of equipment and that the Brazilian company, Norberto Odebrecht, be responsible for carrying out the project.

The transaction is another "victory for Brazil," said Cesar Cals, because it has special characteristics: since Angola has already committed all of its production quota and currently supplies 10,000 barrels a day to Brazil, the PETROBRAS International Corporation (BRASPETRO), a subsidiary of the Brazilian Petroleum Corporation (PETROBRAS), was accepted by the Angolan Government as operator of the Angolan oil fields in order to increase that country's production.

Deals

At a meeting at the end of last week, the Council of Ministers of the Angolan Government decided to turn over to BRASPETRO participation in Block 4 beginning next year. The Brazilian company, Norberto Odebrecht, will be compensated in cruzeiros for the services rendered, which today are valued at \$500 million. Among other deals discussed by the Brazilian delegation in Luanda, Cesar Cals announced the signing of an agreement for an air traffic operation between Brazil and Angola; the intent of that country's government to undertake the renovation of Luanda's telecommunications system, to be carried out by the Ministry of Communications of Brazil; approval by the Angolan Government of a contract for gold prospecting to be conducted in the Lombito River by the Mineral Resources Prospecting Company (CPRM), in addition to a future geological survey of Angola.

Trucks

Cesar Cals said that the Brazilian mission and the Angolan Government agreed to the installation next year of a truck factory near Luanda through the Brazilian subsidiary of Mercedes-Benz, with increasing nationalization, and the annual production of 1,000 trucks. Cals said that Volkswagen of Brazil also succeeded in signing a protocol of intent for the installation in Angola of a Volkswagen vehicle assembly plant with the production of 3,000 units per year. Brazil is going to study the establishment of a Brazil-Angola binational company for the joint exploitation of copper deposits, with Brazil supplying mineral technology. In Paris, where Cesar Cals made a travel stop, an agreement was negotiated with the French Government for the support of the Pechiney company in facilitating exploitation of the Itataia, Ceara, uranium mine, with an estimated 143,000 tons of uranium, which also owns contiguous phosphate reserves.

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CSO: 3342/45

BRIEFS

1984 OIL EXPLORATION ALLOCATION--Brasilia--The Brazilian Petroleum Corporation (PETROBRAS) plans to apply 93 percent of its investment budget in the areas of exploration and production of oil with the aim of guaranteeing the goal of 500,000 barrels a day and energy self-sufficiency for the country in 1993. Next year, the company wants to invest 2.8 trillion cruzeiros, according to a proposal that is being studied by the Secretariat of Control of State Enterprises (SEST) on which a decision will be made by the end of the month, according to a source from the energy sector. In real terms, PETROBRAS' aim is to guarantee an investment budget 15 percent higher than this year's, which was 1.3 trillion cruzeiros. The budget was calculated for an inflation rate of 100 percent in 1984. Of the total invested this year, 82.3 percent was allocated to prospecting and production, according to the company's figures. Of the 2.8 trillion cruzeiros envisaged for 1984, about 1.7 trillion cruzeiros will be allocated to production, 800 billion cruzeiros to exploration, and another 15 billion cruzeiros to the exploitation of shale. For next year, PETROBRAS also wants to guarantee the beginning of preliminary studies for the construction of the future Jurua gas pipeline, connecting Amazonas to Sao Paulo. The final evaluation of the reserves, estimated at 120 billion cubic meters, will also be completed next year. [Text] [Rio de Janeiro GAZETA MERCANTIL in Portuguese 20 Dec 83 p 11] 8711

ELECTRIC ENERGY DEMAND UP--Rio--The president of the Brazilian Electric Power Stations Corporation (ELETROBRAS), General Costa Cavalcanti, said yesterday that the demand for electric energy increased 7.8 percent from January to November despite the significant decline in the growth of the Brazilian Gross Domestic Product (GDP), showing that the energy market continues to expand and that if the energy from Itaipu does not come in by the end of 1984 and if 1985 is a "hydrologically bad" year, "it will be necessary for us to have rationing or to put the thermoelectric plants back into operation." At the present time however there is still a surplus of 1 million kilowatts in the whole energy system. He said that he presented a budget for the ELETROBRAS group of 2.2 trillion cruzeiros, which is being studied by the SEST. Costa Cavalcanti pointed out that "if there is a cut, we will have to stop some projects completely." Although he has heard that there will be cuts in ELETROBRAS' budget, General Costa Cavalcanti gave assurance that Itaipu's direct-current line will not be suspended since it is a priority to bring Itaipu's energy to the Brazilian Southeast. With regard to Itaipu's budget, Costa Cavalcanti stressed that the investments of \$600 million for 1984 are less than those for 1983,

which amounted to \$900 million. He declared that that decline in investments is due to completion of the hydroelectric project. With regard to the demand that all of Itaipu Binational's accounting be converted to current dollars, Costa Cavalcanti declared that the Itaipu treaty itself specified that the current currency of the enterprise would be the dollar. Since Itaipu does not have any revenue of its own and financing is taken on the basis of the cruzeiros of January of each year, as the months go by, funds for investment become curtailed due to the inflation of more than 200 percent (when that index had been estimated at 90 percent). He explained that for that reason he has been espousing the argument that Itaipu investments be budgeted in current dollars to avoid the inflationary effect but he does not yet know what the government's thinking is in that regard. [Text] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 27 Dec 83 p 30] 8711

LESS RISK CONTRACT INTEREST--Rio--The world financial crisis, the drop in the price of oil, the reduction of consumption and increase of oil reserves were indicated yesterday by the president of PETROBRAS, Shigeaki Ueki, as the main reasons for the fact that foreign companies have appreciably reduced their participation in exploration for oil through risk contracts. Shegeaki Ueki sought to show by these arguments that the lack of interest "that has occurred throughout the world" is not related to the fact that the companies are seeking more advantageous conditions in the risk contracts, as the World Bank report reported recently. "It is not a document that attracts the companies. If they had made more discoveries, they would be more interested," observed the former superintendent of risk contracts, Lauro Vieira. In his opinion, a change in the present rules of the game would not change the behavior of the companies. Of the total of \$1.5 billion invested by companies under risk contracts between 1976 and 1983, \$120 million of that amount was invested this year. During that period, 144 contracts were signed, 31 being put into effect and another 20 being concluded in 1983. [Text] [Rio de Janeiro GAZETA MERCANTIL in Portuguese 21 Dec 83 p 10] 8711

CSO: 3342/45

BRIEFS

HYDROELECTRIC SYSTEM UNDER CONSTRUCTION--The various works under construction at the Colbun-Machicura complex located in the seventh region, 35 kilometers northeast of Linares, are progressing at the scheduled rate. When it is finished, the Colbun project of National Electric Power, Inc (ENDESA) will be the largest hydroelectric powerplant in the country. In a first stage, starting in 1985, it will have a power of 400,000 kw, to which must be added Machicura, with 90,000 kw. To date, \$750 million has been invested, equivalent to 56 percent of the total works. ENDESA's Colbun-Machicura complex will generate 30 percent of the electric power currently produced in the country, per year. [Text] [Santiago ERCILLA in Spanish 28 Dec 83 p 21] 2909

CSO: 3348/190

LABOR REORGANIZATION PROPOSAL ENCOUNTERS STRONG OPPOSITION

Opposition to Labor Reform

Buenos Aires LA NACION in Spanish 20 Dec 83 p 1

[Text] Criticisms of Peronist senators and labor federations; state of alert and mobilization of the CGT [General Labor Confederation]-RA [expansion unknown].

The bloc of Peronist senators has expressed its opposition to the labor reorganization bill submitted to Congress by the president in agreement with the objections raised by the union leaders of the two labor federations, which in the case of the CGT-RA did so to decide on a "state of alert and mobilization" and to have its administrative council remain in permanent session.

In the labor movement objections and complaints because of the labor reorganization bill have been added to the dissatisfaction produced by the recent wage increase granted by the government, which they consider to be "insufficient and discriminatory," all of which was discussed yesterday at a congressional session representatives of the two labor federations and Radical and Peronist senators attended.

At the end of the session, which began at 1035 hours and lasted for over an hour and a half, Senator Oraldo Britos, who heads the upper chamber's Labor and Social Security Committee, noted that, "as structured," the bill in question "deserves our opposition."

Temporary Senate president Edison Otero maintained that one of the principal disagreements "involves the seniority provisions the bill proposes in order to take union action," but admitted that there are also "disagreements in terms of form and substance."

Criticisms

As for the head of the CGT-RA, Saul Ubaldini, he said that that labor federation "raised its objections to the labor bill," although he declined to be more specific about them, "since," he said, "we will debate the matter today (for yesterday) during a national plenary session of secretary generals."

We should report that in the afternoon, after the plenary session, the Brasil CGT described the government's labor reorganization initiative as "an absurd bill that only ignores our country's real labor situation" and maintained -- in a communique -- that it is "a product of the imagination of elements alien to the workers," aimed at "weakening the labor organizations."

As for Jorge Triaca of the Azopardo CGT, he accused Alfonsin of with his labor bill promoting a "confrontation" and a social "battle" between the 6 million people who voted for the Peronists and the 7.5 million who voted for the Radicals. He added that the bill "responds more to the internal affairs of the ruling party than to the country's socioeconomic reality." Diego Ibanez of the Oil-Field Workers Union and the 62 Labor Organizations and chairman of the bloc of Peronist deputies had similar thoughts.

Radical Senator Fernando de la Rúa, who asserted that the bill "is not an attack on the labor movement, but that it on the contrary seeks to strengthen the institutions of democracy," also made statements on the matter.

Alert and Mobilization

The CGT-RA paper provides the basis for the declaration of a state of alert and mobilization, sharply criticizes the wage increase ordered by the government and, with reference to the labor bill, states that "with capricious and partial reforms it is trying to govern the organizational activities of the most penalized sector of Argentine society, the workers."

As for over 30 metropolitan and Buenos Aires union members, in an attached paper they noted that with some improvements the bill "can serve as a basis for guaranteeing the democratic life and balancing the wishes of all."

Threat of Long Struggle

Buenos Aires LA NACION in Spanish 20 Dec 83 p 12

[Text] Just a few hours after being made public, the labor reorganization bill has produced effects in Parliament that are as clear as they are profoundly felt, since it has placed Peronist lawmakers on a war footing and forced the Radicals to get ready for a struggle that threatens to be a long one, one that has already led the opposing parties to negotiate with nonpartisans to procure support which in the Senate will be of fundamental importance when decisions are made.

And this without taking into account the fact that the two labor federations have declared a state of alert and will shortly appoint a joint committee that will take it upon itself to be in constant contact with Peronist deputies and senators to "provide them with logistic support" while the latter are preparing for what it is predicted will be the first big debate Congress engages in following the year-end recess.

The fact is that the president referred to several of the main sections of the bill more than once during his election campaign, but it is also true that the

official publication of the document gave rise to pain bordering on anger among Peronists. Especially because of those sections that state that 33 percent of the administration of a labor union will represent minority groups and those that state that "for the time being" the clauses governing seniority and endorsements required to be a candidate will not apply.

"On Guard"

"The labor movement is on its guard," Jorge Lujan of the Azopardo CGT said at a meeting top union leaders held yesterday in Congress with several Radical senators and Oraldo Britos, the Peronist who heads the upper chamber's Labor and Social Security Committee.

Aside from being significant, Lujan's remark was not the only one to be considered. After the meeting, which obviously must not have been quite as cordial as it was said to be, Britos asserted that, "as [the bill] is, it will not pass into law." And filled with anger, he added that, "instead of attacking the workers, who have struggled so hard to defeat the dictatorship, the president ought to occupy himself with the problems of the port workers, who still today, when they go and ask for porter's fees, are dependent on the harbormaster's office, that is, the military."

Without convincing his interlocutors that "we are not afraid of elections in the unions," Peronist deputies and senators have decided doubts as to "the high proportion of representation the minorities will enjoy and the fact that anyone may be a candidate." Nor either, as in Britos' case, do they have any doubt that German Lopez, the secretary to the president, "had something to do with this reprehensible bill." The Peronists associate Lopez' possible participation in the bill with the statements he made to the Uruguayan press, to which, according to Britos, he stated that "Argentine union leadership is bloodthirsty." In the midst of so much tension a Peronist congressman was even capable of giving rise to more than one smile when he in all seriousness asserted that, "if Alfonsin is so concerned over the minority groups, he ought to have several Peronist ministers in his Cabinet...."

He also pointed out that the bill "violates ILO Resolution 87, which indicates that workers must structure their own organization and that the government must act solely as a controller."

Peronists assert that "the labor movement has been venting its spleen on the government following the meager increase that was granted" and that it has stopped worrying about the bill, but at the same time no one maintains that the labor federations are considering the application of direct action since "what Saul Ubaldini represents for the workers is no secret. But there is obviously doubt as to popular support for those who are alongside of and behind the brewery leader.

"If We Don't Do This, We'll Have to Go"

The Radical factions have once again asserted that they are only seeking pluralism in union leadership, while speculating that the possible repeal of the Public Works Law passed by the military government may soften the issue. But apparently government officials are not inclined to go much beyond that, although Senator Brassesco has simply admitted that "the bill could be polished up a bit."

So as to leave no doubt as to the Radical position, Deputy Jose Bielicki said that, "if we don't comply with this labor reorganization, we'll have to go." And Ernesto Sanmartino, the head of the lower chamber's Labor Committee, was even clearer on the issue: "Between 1976 and 1983 union leaders settled everything in the corridors of the Ministry of Labor. Now they've gotten rid of the corridors."

The "Stars" from Neuquen

Beyond the bitter debate that will be touched off in the Chamber of Deputies, the heart of the matter will go through the Senate, whose specialized committee will produce two dispatches that will be made available to the administration. The mathematicians point out that 21 Peronists plus 1 Desarrolista [developmentalist] add up to 22 votes and that 18 Radicals plus 2 Bloquistas [bloc members] and the same number of liberal autonomists also produce 22. Bloquista support for the UCR [Radical Civic Union] is discounted, but would the same thing happen in the case of the skillful Corrientes negotiators? Many Peronists and Radicals believe it would, which is why the "stars" of the debate will turn out to be the two senators from Neuquen, apparently those who are charged with breaking a possible deadlock.

If this is true, and it has been confirmed that Sapag and his people have been offered seats on the boards of directors of three or four national companies — Water and Energy, HIDRONOR, National Parks and the YPF [Government Oil Deposits] — the Radical movement has already taken a step forward. Perhaps because of that Victor Martinez and Sapag himself wanted to speak last night at a meeting the start of which was delayed because the senator from Neuquen was attending a meeting outside of Congress.

Triaca Criticizes Labor Bill

Buenos Aires LA NACION in Spanish 19 Dec 83 p 19

[Text] "The labor union movement did not lose a war in the Malvinas only to be confronted with a democratic reorganization," said Jorge Triaca, one of the four Azopardo CGT secretary generals, criticizing the bill the president has sent to Congress in connection with that.

"This was done as though the labor union movement were lacking in virtues, when in reality during these past 8 years it has been the most wronged, the most damaged group and the one that has been subjected to the most scrutiny," the

union leader added, also seeing fit to say that "what should be done first of all is to reorganize the nation's finances and the country's general economy."

With regard to the participation of minority groups in the administration of the labor unions, provided for in the bill, Triaca said that he was in favor of "what the candidates themselves said during their election campaigns, namely, that the winner governs and the loser helps him." He also asserted that "minorities have always been represented in every labor organization in the higher organs, not in either the administrative organs or on the internal committees."

While he admitted that "the positive thing about the bill is the repeal of Law 22,105 enacted by the military government," Triaca remarked that "labor organization statutes are not something that is imposed by no one, but the genuine expression of the organizations, and they have been violated by the military process."

"Rather than reorganizing, this (the labor reorganization bill) will cause damage, make it harder to organize, since no kind of merit will be recognized for becoming an executive," he said lastly.

Other Opinions

As for Ramon Baldassini, another one of the Azopardo secretaries, he said that the bill is "totally interventionist since it reserves powers for the state that go far beyond what is reasonable and enter the realm of the arbitrary. It is alien to the Argentine and Western legal tradition."

He added that, "as far as approval is concerned, these matters should be deferred to the organizational personnel, who have the exclusive and excluding power to approve the statutes of their organizations."

Meanwhile, Peronist telephone director Julio Guillan advanced the fact that this week "a group of union leaders" will make public their position on the new law proposed by Alfonsin and declined to offer his opinion in advance because, he said, "we are working up a proposal in connection with this to be submitted to Parliament."

Labor Bill Controversy Continues

Buenos Aires LA NACION in Spanish 24 Dec 83 p 10

[Text] While the two CGT's held a meeting and resolved to form two six-member committees with representatives from both labor federations to interest the two legislative chambers in their points of view on the labor reorganization bill, the minister of labor and social security replied to criticisms the CGT-RA had leveled against him with regard to the same issue and confirmed the truth of an assertion made by the latter to the effect that he had not criticized the Armed Forces government, giving the reasons he had for not doing so.

Moreover, several political parties have decided on their positions on the much-commented labor reorganization bill.

Committees

The informed decision of the two CGT's was adopted at a meeting held by Saul Ubaldini and Carlos Godoy for the CGT-RA and Antonio Ramon Baldassini and Enrique Mico of the Azopardo CGT.

They also considered the issue of labor unity and Ubaldini anticipated that by the beginning of the coming year a meeting of the two labor federations would be held at which "there would be a final solution."

None of the union members was willing to go into detail on the position to be adopted with respect to the labor union bill, but they expect a communique on the matter will be issued at the January meeting.

The two federations stated their positions on this last Wednesday. They did so separately, categorically opposing the proposed legislation.

As for the Metropolitan Council of the Peronist National Movement, it said in a statement that "what is at issue is not a labor reorganization bill, but a plan for direct interference by the state in workers' labor organizations, one which would subjugate and curtail their organizational structures and their rights on the fringes of clearcut constitutional precepts and international agreements on free unionism."

Mucci Replies

With regard to the claim made by the CGT-RA concerning his silence while the workers of that labor federation were struggling against the military dictatorship, Labor Minister Antonio Mucci said that "it was true." "What Saul Ubaldini says," he went on, "is true. They never heard me level any criticism against it because I had no access to anything. Some people had access to radio and television; they fired me from Industrial Financial Institution after 25 years during the Onganía government; they broke into my home with weapons in hand in 1975 during Lopez Rega's reign; the military regime that ended in 1983 declared me dispensable." Mucci added: "I walked out, trying to say what I thought. My friends, my comrades, my family, who many times begged me to be careful, not to express my ideas wherever I happened to be, know it. I said everything I had to say," he added, "but no one listened to me, because no one called me, because I wasn't news."

Other Opinions

In a statement it made, the Authentic Socialist Party's national committee said that "it considers it to be its duty to point out to Congress that, aside from its democratizing, compatible and necessary purpose, the bill referred to as the labor reorganization bill nevertheless in its articles contains the dangerous risk of fragmenting and weakening the labor movement at a time when Argentina most needs national unity to reconstruct its economy and to coexist in peace with all sectors."

The Popular Leftist Front (FIP) believes that the bill seeks "the atomization of the labor movement" and it criticized the present administration's proposal to negotiate with the International Monetary Fund and the international banks.

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BUSINESSMEN VIEW IMF TALKS, POSSIBLE SOCIAL UNREST, ELECTIONS

Rio de Janeiro JORNAL DO BRASIL in Portuguese 2 Jan 84 pp 16-17

[Report on round table with five prominent Brazilian businessmen, sponsored by JORNAL DO BRASIL (represented by Armando Figueiredo, Antonio Salvador Silva, Milton da Rocha Filho and Augusto Mario Ferreira), in Sao Paulo, date not given]

[Text] Sao Paulo--The year 1984 will be difficult and recessionary. There will be more unemployment and non-export industries will have to be very cautious. Weak exports will add yeast to the fermenting social situation, but there will be no rupture in society. Agriculture is the great hope, since it has been given an adequate price floor. However, with no incentives and no new foreign money to finance exports, the planned positive foreign trade balance of \$9 billion is in jeopardy.

These summarize the predictions of five representatives of Brazilian business, gathered at a round table promoted by JORNAL DO BRASIL in the Makisoud Plaza in Sao Paulo: Abilio dos Santos Diniz, director-superintendent of the Pao de Acucar Group; Antonio Ermirio de Moraes, director-superintendent of the Votorantim Group; Olacyr Francisco de Moraes, president of the Itamarati Group; Laerte Setubal Filho, president of Duratex and of the Association of Brazilian Exporters; and Pedro Conde, president of the BCN Complex and vice president of FEBRABAN (Brazilian Federation of Bank Associations). The five men, together, were responsible for moving over 2 trillion cruzeiros last year, and their companies employ about 140,000 people.

Many economic, political and social aspects concern these businessmen in 1984, and one of these is the social explosion if the performance hoped for and promised in the Brazilian Government's letter of intent to the IMF is not forthcoming. In their opinion, these commitments will determine the Brazilian economy in 1984, which will not be very different from this year in terms of performance. Worse for some, and with some hope for others.

Discussing various political, economic and social topics for over 2 hours, the businessmen practically reached a consensus, placing all their hopes on the economic performance of agriculture and seeing the results as depending on exports. Aware of what Brazil will again need from the IMF and the international creditors, they are nonetheless calm about the positive results of those negotiations, but they recommend an overall renegotiation and an internal structural reform in Brazil.

The participation of businessmen in politics creates problems for their companies, because, as they explain, they do not maintain the "low profile" of businessmen in other countries. While they favor direct elections--which some see as impossible at short range and others see as unsuited to the climate of revanchism--their greatest fear is that a demagogue will assume power, with the consequences that this could bring about 2 or 3 years later.

Only one man made known his preference for one of the current "presidential hopefuls." Laerte Setubal said he favored Aureliano Chaves. However, they all have a profile for President Joao Figueiredo's successor: a true statesman, competent, knowledgeable about the economy and the Brazilian problems, sincere, uprights, a worker and a man who knows how to choose his advisors. They also have a negative profile for the future president of the republic: lazy and corrupt.

The discussants at the round table:

Abilio Diniz: The year 1984 should not be very different from 1983. Since 1979 we have been dealing with our problems by expedient, as if they were temporary and had come up suddenly: the result of the oil crisis, the interest rates, protectionism and the decline in international trade. Brazil's real structural problems have never been dealt with, particularly after 1979. So I do not believe that, in 1984, we are going to attack our problems at the source.

We are going to continue with the same economic policy, bound by the commitments already assumed with the IMF and the international creditors and also by Decree-Law 2065. So we must go on with lukewarm economic activity, on a decline. We may not fall back as far as we did in 1983, because we are coming from a very low base. We should decline somewhere between 5,6 or perhaps 7 percent.

Inflations will probably not be as high as in 1983, when some factors created really strong inflationary pressures. Inflations should level out at about 7 or 8 percent [per month], which, compounded, would mean something like 150 percent for the year.

Laerte Setubal: The only goal set by the government and achieved in 1983 was the positive balance of \$6 billion in the trade balance, already reached in November. For exports--the goal was \$25 billion--the figure will come to \$21.7 billion. Imports should be about \$15.5 billion, thus giving us a positive balance of \$6.2 billion or \$6.3 billion. This figure is the result of lower imports which, in my opinion, is a negative aspect. I think, I have always thought, and I insist: Brazil must maintain a policy of continuing growth, if possible, in the international market.

We all know, however, that when a company has a cash problem, the first thing to sacrifice is its purchases. It will purchase at levels compatible with the company's activity. This is what happened with Brazil, which behaved like a company (by reducing its foreign purchases).

In 1984, the government plans to reduce its deficit substantially and the area to suffer most will be exports. (He is referring to the elimination of the

export subsidies.) If the previous conditions were to remain in effect, the export sector could show a positive balance in 1984, not of \$9 billion, but of \$11 billion, and with imports remaining at \$16 billion. Exports could reach \$26 billion or \$27 billion. Obviously, it would cost the nation 1 trillion cruzeiros (in subsidies). In my opinion, this would be a desirable option. It is clear that, with [the subsidies], the surplus of \$9 billion is automatically at risk.

--Unless new money can be found on the foreign market to finance our exports. This is the second alternative. When I talk about "financing," I mean, to be able to sell on installment; to have the necessary breathing space to compensate for the outstanding accounts of certain countries or certain companies. If this conditions is lacking, this also compromises the intended surplus.

Olacyr de Moraes: At the beginning of last year, that is, when the agricultural year began, agriculture experienced a difficult moment: the famous export tax was still in effect, affecting agricultural exports; the international prices for primary products declined so far that the U.S. Government was paying its farmers not to plant; and there was a surplus throughout the world. Within this framework, 80 percent of the Brazilian crop was marketed.

It was predicted that Brazilian production would drop sharply in 1984, as a result of diminished planting and a substantial increase in the cost to the Brazilian Government of financing agriculture. A tragic, even catastrophic, picture was painted. Just before planting time, however, came the miracle: the recovery of the international prices.

The higher prices encouraged the farmer and gave him new hope, but the stage had already been set: he did not have the seed or the time to plant in the desired volume. In addition, there were weather problems--drought in some areas and too much rain in others. Under the circumstances, in my opinion, the crop could be, at best, 2 or 3 percent larger than the last one. In other words, 56 million tons of grain could be harvested, but only if the weather behaves magnificently. In southern Mato Grosso, almost the entire rice crop has already been lost.

Agriculture is undercapitalized, at a difficult moment. It still believes that the government will pay adequate prices for this crop. If this does not happen, we will have difficult times.

Pedro Conde: The year 1983 was atypical. Throughout the year, the Brazilian economy was functioning under the constraint of the foreign accounts, which determined the domestic position, which in turn was adapted to the need and the attempts to overcome this constraint, through a series of modifications adopted during the year. Some factors were outside the control of those in charge of the situation, such as weather problems, higher interest rates, the strengthening of the dollar in relations to the other currencies, which made the functioning of the world economy highly prejudicial to the developing countries. These factors--except for the weather problems--are still with us. Let us hope, as Olacyr said, that time is on our side and that we will have the harvest we hope for.

Through the agreement with the IMF, Brazil gained enough room to begin to rebuild the economy. In addition, in light of the measures announced by the National Monetary Council, I believe the economy will function more smoothly in 1984. Nothing significant, however.

I believe the "surplus" in the fiscal budget will greatly help out the monetary budget and that inflation will really begin to drop, and, with this, the cost of money as well, all leading to a slight economic recovery. There is another important factor: the increased production by PETROBRAS [Brazilian Petroleum Corporation]. This is cause for enthusiasm. We are achieving 430,000 barrels per day this month. The goal of 500,000 barrels in 1985 might be achieved in 1984, and that would be a great help, opening the way again for a larger apportionment of imports to the private sector.

I think that 1984 will still be difficult, but I believe--and I am in hopes--that there will be some improvement, nothing significant.

Antonio Ermirio: (Ermirio began by commenting on the performance of iron and non-ferrous metallurgy, which accounts for 9 percent of Brazil's foreign debt, but which exports in the amount of \$2.1 billion, or 10 percent of total exports. He noted that the steel industry should produce 14.5 million tons of steel in 1984, exporting 30 percent of it.) Generally speaking, industries which have a chance of exporting will survive in 1984; those which do not will really have to be very cautious because, as I see it, 1984 will be worse than 1983 for the domestic market, even more recessionary.

In the world currencies--this seems to me to be an extremely important matter--there is a sharp drop in the value of the strong European currencies in relation to the U.S. dollar. This drop is on the order of 19 percent, which means that Brazilian exports, if they are not very well studied by the government, could suffer a violent shock, because at the moment exportation favors the European countries. This might lead us, in 1984, to a more intense devaluation of the cruzeiro. without which we will be hard put to achieve a positive balance of \$9 billion.

Pedro Conde touched on the energy problem. It is one of the sectors which will force Brazil to take more serious positions. As optimistic as we tend to be, it would be a catastrophe if Brazil discovered large petroleum reserves. We would stop taking serious measures. This is what happened in Mexico. The Mexican economy foundered with the huge oil discovery and the optimism which it generated. Obviously, no one is going to throw away a large petroleum reserve, but at this critical moment, we must tighten our belts and look at the alternatives: alcohol, for example, with production up 50 percent from 1982; coal, production of which should reach 6 million tons in 1983 and will also help the Brazilian energy balance.

The import difficulty, in combination with our recession, will mean that many companies, including multinationals, will produce articles here that they never thought of producing. They were easy to import, so why produce them in Brazil? Today it is impossible to import them, so we will have to produce them here. This substitution will even mean an improvement in Brazilian technology, because we will be learning to manufacture a range of equipment that we used to import.

JORNAL DO BRASIL: With the forecast of a new drop in the PIB [Gross Domestic Product], recession and unemployment, could there be a resurgence of social problems in 1984, like the riots?

Abilio Diniz: We must be optimistic and assume that, from day to day, the country will overcome its problems. We are coming out of successive years of recession and decline in the PIB. Since the PIB last year was very low, we expect a smaller drop in 1984. If it is greater, there will obviously be more social tension. But, based on hope, I would say that we will get through 1984 without ruptures, without a significant increase in this tension, primarily if economic activity does not fall off too sharply, if the increase in unemployment is limited, if unemployment is not much higher than it is now.

On the other hand, the prospects are somber in some areas; the fact that we are basing our economy on exports, which Dr Laerte pointed out, is a matter of some concern, particularly since he understands exports better than anyone. The prospects for agriculture, according to Dr Olacyr, are also very troubling. The industrial sector--as we already knew, and Dr Antonio reinforces this idea--also presents difficult prospects for 1984.

So, if our exports decline, if we do not achieve a surplus of \$9 billion, we will not just have balance of payments problems; we will have domestic problems. In other words, if the model is going to be geared to exports and it does not work, we will immediately have to bolster the domestic market; otherwise, the recession will become much worse.

JORNAL DO BRASIL: How do you reconcile more exports with the withdrawal of the subsidies?

Pedro Condé: I think these subsidies were greatly abused, and Laerte is in the best position to tell us. There were sectors which were subsidized without any need whatever.

JORNAL DO BRASIL: Was there abuse?

Laerte Setubal: There was abuse, I would say, in the area of the "tradings," financing in which the trading company became a financial agent in disguise. There is also an extreme position: those who export to a defaulting country and do not close out the account are being asked by the government to return the tax incentives with monetary correction, even for exports insured by the IRB (Brazilian Reinsurance Institute).

Abilio Diniz: I am not going to get into a discussion about withdrawing or not withdrawing the subsidy or meddling in the rate of exchange. The problem is much deeper; we have to solve our problems at their root and in the structure. If we do not achieve \$25 billion in exports in 1984, this will aggravate the domestic picture. If our domestic market is very depressed--everything indicates that we will go on with a reduction in the overall demand, if we do not meet the export goals, my concern will be about poverty, unemployment and social tension. I repeat, we are not going to solve our problems through the path of recession. Recession is economically ineffective and socially unjust.

Antonio Ermirio (referring to the denunciation of the recall of the export incentives when the account is not paid because the foreign purchaser defaults): It is painful to give the incentive back to the government when, for any reason, the account cannot be paid. I ask: what was President Figueiredo going to do in Africa, where all the countries cannot or are finding it difficult to pay?

What Abilio said is important. If we fail with our exports, what with our domestic recession, we will be adding more yeast to the fermenting social situation, and we will certainly have a very difficult year. I hope to God this does not happen. I sincerely believe that the only way to prevent it is a systematic devaluation of the cruzeiro, to keep exports from declining.

JORNAL DO BRASIL: So there will be a maxidevaluation?

Antonio Ermirio: The government has already tried two maxidevaluations without good results. In the second half of last year, it practically made a maxi-devaluation in 2 months, and no one noticed it. The state companies, which owe \$70 billion, noticed it, because every "maxi" puts them deeper in the hole. So it need not be a "maxi": simply a sharper devaluation, and we peacefully arrive at 30 percent in 2 months.

Pedro Conde: We cannot lose faith in the realism of the monetary authorities. Either they realistically and pragmatically deal with the possibility raised here--that we will not implement the export program--or we will have an intensification of the domestic recession, which would be intolerable. I think there has already been some improvement, even though private enterprise has borne all the weight up to now in the fight against the situation. I believe (in the realism of the monetary authorities) because they are now entering a more realistic phase in combating the spending and the abuses of the state companies. I believe they are beginning to produce results.

JORNAL DO BRASIL: It has been said that the goals of the most recent letter of intent to the IMF should be the parameters for the economy in 1984. Are they feasible?

Pedro Conde: With the most recent measures, I think the necessary room is there to try to meet them. Nothing ambitious. I feel the goal of a \$9 billion surplus in the exports is ambitious. This is what I think.

Olacyr de Moraes: The agriculture sector feels as follows: if agriculture had been seen as it should have been seen, we would not be in the fix the country is in now. The goals for agriculture are mediocre. We talk about 50 to 52 million tons of produce, when Brazil is capable of producing 100 million tons. We have the land, the technology, the equipment, people who want to produce and a huge international market. Unfortunately, agriculture has been penalized. The government is afraid of inflation and the first sector to be sacrificed is agriculture!

Abilio Diniz: This last negotiation with the IMF and the creditors was really fallacious. I use the term "fallacious" to avoid using a more shocking word. Everyone is tired of hearing about it. There are "targets" (goals) in the letter

of intent which are absolutely undoable. We are also tired of knowing that we will have to renegotiate again, certainly in the first 6 months of 1984. We are going to have to explain to the IMF why we have not met the goals and to ask for more money from the banks. The fund will play its role of rejecting us; it will send a lot of missions here and will end up by agreeing. We will make a new addendum; the international bankers will give us the money we need and we will go on living in the fantasy in 1984. We will not have any broader renegotiation, no real rescaling of our debt.

JORNAL DO BRASIL: So the government is going to roll over the problem to the next year?

Abilio Diniz: Yes. It should do absolutely nothing in 1984.

JORNAL DO BRASIL: Then the stop-gap mandate has begun?

Diniz: It has begun. I repeat: I see a future of little modification and I don't believe there will be any social rupture. A troubling point: the government could be forced to get into the structural problems. There are public sectors that need to be rethought: the Housing Finance System [SFH], the social security system. I would say that all the forms of financing the public sector should be rethought, to survive 1984, but it is my impression that everything will be rolled over to 1985. (Abilio Diniz commented that the SFH is "broke": it is only a matter of determining when to announce it. Regarding social security, he recalled that when Minister Jarbas Passarinho assumed the post, he said 100 billion cruzeiros would be needed to cover the "deficit" in the sector. He has recently declared that social security will need 1.5 trillion or 1.4 trillion.)

Pedro Conde: I do not agree with Abilio about the letter of intent. I think we are perfectly capable of reducing the "deficit" to the levels proposed and that we can turn the inflation rate upside down. For the first time, except in regard to the "deficit," the letter of intent does not establish figures.

JORNAL DO BRASIL: Dr Antonio Ermirio is shaking his head in disagreement.

Pedro Conde: With the measures taken, the bases for the fiscal and monetary budgets are feasible. With regard to the foreign debt, I agree with Abilio, and I think there is an evolving process that will go on until we arrive at realistic payment periods and conditions. They will both have to be modified if we are really going to pay off the debt and not push it ahead of us, year after year.

JORNAL DO BRASIL: Dr Abilio thinks it is difficult to control the state companies. Is it possible?

Pedro Conde: It will have to be given serious consideration.

Ermirio: I do not know of a single state company that is concerned with paying off part of its foreign debt. The big concern is always to roll over 100 percent of the debt, which means that the debt service that will have to be paid in 1984 will be much bigger. This is not a lack of honesty, but a lack of maturity

in our administrators (administrators of the state companies). We will be owing more and more and will never get rid of the debt. It was \$70 billion last year; \$80 billion this year; and it will go on this way. We have to start paying it off, even if it is only 5 percent of the principal.

JORNAL DO BRASIL: So, can the state companies' "deficit" be controlled or not?

Antonio Ermirio: I have a simple rule, which Laerte appeared to endorse the other day: no state company may expand except with its own capital--let us say, two-thirds of its own capital and one-third loans. There can be no talk of expanding the steel industry as long as the company is not producing the equivalent of 300 tons per man per year. The energy sector [cannot be expanded] without a distributed kilowatt-hour for every 1.5 to 2 employees. By this system, and paying off 5 percent of the principal, the "deficit" of the state companies could be controlled.

Pedro Conde: There is a new factor. Bill 831 forbids access to the financing system by any state company which has not reduced its debt. This is creating a serious problems for the financial sector, because the state companies have outstanding commitments which cannot be refinanced.

Antonio Ermirio: We are arriving at an injustice. Let us suppose one of us is an administrator of a state company without access to the financial area. Would we be obliged to resort to money 24 percent over the ORTN [National Treasury Readjustible Bonds]? This would put a state company in a terrible spot. (Antonio Ermirio suggested a range of credit from 10 to 50 percent of the compulsory deposit of the banks, to attend to the needs of the state companies.) This is so they will not be "wasted" and to give them some relief, because no one can get out from under in an economy with interest rates of 24 percent above the ORTN. The (state) sector should be given a breather so it can have room to operate and also so it can pay off part of the debt. If they cannot function, not even Jesus Christ himself can save the state companies.

Abilio Diniz: In terms of rules for control, the restrictions have been such that productive state companies have been denied access to credit! This has made a need felt to rethink the role of the state (companies) in the economy. I think it is valid to put a rein on the state companies, but at some point we must attack the problem more seriously; we must define the role of the state in the economy.

Laerte Setubal: In that case, we will see an exaggeration; it will go from excessive financing, lack of control, to an attempt to bring the state sector under control inside of a year. This is a fallacy. These conditions are too lionine to be enforced, to the point that we here will begin to come to the defense of the state companies. At a certain point, it will be seen that what is being done is not at all logical and cannot work. Not because it is a state company. First, it must be proven that the guy is a poor administrator, given the tools. Without the tools, he is right to say that it can't work. It is a problem of a lack of political maturity, which I mentioned before. (Laerte Setubal questioned the participation of the businessmen on the governmental advisory councils, such as the National Monetary Council and even CONCEX [National Council on Foreign Trade] of which he is a member. He suggested that

businessmen take a position as a class, as a whole. He observed that, for all this, a person who knows how to say "yes" or "no," according to a logic recognized by everyone, is needed to lead the country.)

The businessmen advocated greater participation by all the society is the decisions of the government, but they do not feel that simply having direct elections for the president of the republic is a solution. They propose a structural reform and, to bring this about, a statesman with wide popular acceptance is needed.

JORNAL DO BRASIL: With direct elections, would the businessmen participate more fully in government decisions?

Laerte Setubal: Among other things, yes. But not with direct elections alone. We need something more.

Pedro Conde: Not just direct elections. A change of thinking is needed. Sincerity and honesty are essential to the process. We need structural reform. Without such reform, it is impossible.

Abilio Diniz: I have already spoken about this: the solution to our problems goes deeper. They are of an internal structural order. Certainly, they have been aggravated by international problems. If society does not participate in the decision-making, it will not support the decisions. It will make it difficult even to adopt the measures.

JORNAL DO BRASIL: Can society support measures when it has not had a hand in drafting them?

Abilio Diniz: We hope there will be a greater opening for society to take part, generally. For this reason, I advocate direct elections, although I do not think they are the panacea for our ills. Simply direct elections will not solve our economic and social problems. I advocate a form of elections in which the society is engaged, one which can really give us a president with popular support. I am not afraid of the Right or the Left. I think the Brazilian people would elect an individual of the Center. It will be difficult to overcome all the difficulties to make it possible to have direct elections for the next president. What I hope, then, is that the electoral college will be capable of electing a president who represents this society, an individual accepted by society. If an individual is elected who has very little public appeal, I see no solution for our problems. It will be increasingly difficult and traumatic.

Olacyr de Moraes: I am not opposed to direct elections. Very few Brazilians oppose them. Today, however, we are living in a climate that is almost obsessed about direct elections. This could lead to revanchism and the emergence of a demagogue. It would be a tragic outcome for Brazil, because 2 or 3 years later we would have consequences that would be serious beyond imagination. A direct election today, under the present circumstances, could become a condemnation, a thing of passion. This is not to say that we should not fight for direct elections.

JORNAL DO BRASIL: Should the individual chosen by the electoral college be a technocrat, a businessman or a politician?

Olacyr de Moraes: Obviously a businessman would be much more familiar with the living conditions, the problems of the country. A nation has almost the same problems that a company has.

Antonio Ermirio: Direct elections do not, in themselves, represent a solution to Brazil's problems. Nonetheless, I see no risk that a direct election would bring a demagogue to power. If we look to history, we will see that, with two exceptions, and I am not going to name names, the presidents of Brazil have always been upright, decent men. Brazil has known how to choose its presidents. After the "revolution," with the exception of President Castello Branco, the major cause of Brazil's weakness has been the weakness of the presidents.

Pedro Conde: I also think that direct elections, per se, would not solve any problems. but they would create a "co-responsibility." Is the time right or not? This is the other big question. It should be remembered that the political process in Brazil suffers for want of structure, considering what happened last year in the gubernatorial elections. Barbarous!

Antonio Ermirio: In Sao Paulo, right or wrong, I think that the people voted well. If we have a governor today who may not answer the people's hopes, we gave him 6 million votes and we are going to put up with the consequences. But those who presented themselves as candidates, in an act of daring, were duly supported, except in Rio de Janeiro. The Cariocas--imbued with great intelligence and a fantastic sense of humor voted very badly in those elections.

Pedro Conde: I agree with Antonio Ermirio. When I said "barbarous," it was more in the sense of inordinate spending on the elections, which left the state in such a deficit situation that we will have to face and absorb that problem for years to come.

Laerte Setubal: When one speaks of direct elections, one thinks of certain candidates that the political parties might not indicate. I think there is a precondition: the improvement of the political parties.

JORNAL DO BRASIL: Businessmen are accused of the sin of omission in politics. They just talk, and do not participate. Is this true?

Laerte Setubal: There are few countries in the world in which the businessmen talk as much about politics as they do in Brazil. Neither in Europe nor in the United States do you see the political participation that we have in Brazil. The businessmen in all countries maintain a "low profile (non-involvement), because they must survive political changes, which is one of the conditions of their business. So it is a fallacy to say that we do not participate. We participate to the point that we leave ourselves exposed.

Abilio Diniz: Laerte's comparison with other countries should be noted, because it is true. The businessman, by definition, always assumes a low profile. He does not wish to be noticed because this could create problems for his company.

Antonio Ermirio: Not could create; it always creates problems.

Abilio Diniz: It is very risky, here in Brazil, for a businessman to take a bold stand, to go to the newspapers, radio and television to say what he thinks without worrying about what it would mean for his company. But the businessman is a part of something much larger; he is fighting for something that is important for the country. Our political participation is very great. What do they expect of us? That we give up our companies and go into politics? We cannot become professional politicians. We are businessmen who take political stands, and this is very important.

Laerte Setubal: In the hour of making the decision to participate in politics, you must take off the mantle of the businessman. This is a criticism that is made, for example, of "Lula," and the reason, apparently, for the criticism of Lech Walesa, in Poland.

JORNAL DO BRASIL: Dr Olacyr, you raised the possibility that a demagogue could emerge from direct elections. What about indirect elections?

Olacyr de Moraes: No doubt of it. I will explain myself better: I am not and could not be against direct elections. What I am saying is: in the current phase, with Brazil in a difficult situation, almost a receivership, if we had the misfortune to err in our choice of the next president, for a 6-year mandate, who knows what could become of the country? It is obvious that direct elections are the ideal, and if we were lucky enough to choose a great president, it would be perfect. It happens that, by the indirect route, if a mistake is made in choosing the president, he could be more easily replaced than could a president elected by the people. The ideal would be to elect a great president by direct vote. This is the best that every Brazilian would hope for.

JORNAL DO BRASIL: In all this discussion, once again, we note the word of the government is once again predominating. This is an indication of the degree of dependency of the businessmen, even those of the stature represented here, responsible for hundreds of thousands of jobs and handling most of the nation's wealth.

Laerte Setubal: Exactly right. It is because the state has become a very strong participant. This was one of the odd questions which Blumenthal asked me (Michael Blumenthal, president of Burroughs and American chairman of the Brazil-United States Business Commission): "When you talk to us, you Brazilian businessmen are completely business-like. But when you speak in public, you get all tongue-tied. Why is this? Back in the United States, people criticize the government. They really lay into it, both in private and in public." This question troubled me very much, not that any offense was taken, but that this is the reaction to what is being said here. I answered--and I ask my colleagues here if I was correct--that the state's participation in the Brazilian economy is so strong that we become concerned about the economic activity of our company, and any time we draw up a budget for the company, we have to look at so many indicators (rate of inflation, exchange rates, other indices and so on) that we are in the position of a minister of planning. Actually, we end up administering, not the company, but the country. So when we speak in public, we talk as if we were bound by the commitments which we assumed within the company. We feel that we bear co-responsibility when we speak in public.

JORNAL DO BRASIL: And regarding the candidates?

LAERTE Setubal: I am still confused somewhat. I would like to hear what the others have to say first.

Olacyr de Moraes: Regarding the individual candidates, I am in the same position as Laerte.

Laerte Setubal: I want to correct my statement. I said that I was still confused about the candidates. I am not. I am 100 percent behind Aureliano (Vice President Aureliano Chaves).

Abilio Diniz: To declare our choices now would be pleasant, but perhaps premature, because there are no candidates yet; there are not even candidates to be candidates. There are only individuals who have said they would be candidates "if." Another "if" may turn up. So I repeat what I have said: we have to have some idea of what the next president of the republic should be. I don't mean drawing up a profile of the candidate. We have to envision the qualities of a man to lead this country in the next--I don't know--4, 5 or 6 years. He will encounter a country in enormous difficulty in 1985, so he must be competent, obviously honest, an esteemed individual, with profound knowledge of our Brazil and of the economy, because our problems have very deep roots in the economy. Basically, our president must have the respect of the society. He must be a man with popular acceptance, whether he is chosen by direct or indirect vote. Otherwise, we will not solve our problems.

Pedro Conde: Everyone wants the next president to be a true statesman, who will have the qualities of a statesman, who will know how to choose his collaborators, who will work seriously with his collaborators, with the nation behind him, to get us out of the difficult situation we are in. What we really need is a stable administration.

Antonio Ermirio: We are not going to name names here. As the profile of the next president, we want a capable man. We cannot tolerate more incompetence in the presidency of the republic. We want a man who is not lazy and who is not corrupt, a man who, above all, has a deep sense of patriotism, who thinks of Brazil first, second and always. He must have very strong popular support, because the next president of the republic will be a sacrificial goat.

JORNAL DO BRASIL: To conclude, what are the prospects for Brazil in 1984?

Olacyr Moraes: Agriculture is the great hope of the country. I am not pessimistic about it. With production of 20 to 30 million tons or more, it will guarantee \$8 billion to \$10 billion, and Brazil's problem will be solved. We have a huge amount of arable land and an excellent climate. We need to open new agricultural frontiers, because we have arrived at a decisive moment. Production costs have risen violently, and this is troubling. While agriculture could be the solution to Brazil's problems, it could also enter a crisis at very short range if we do not have prices commensurate with costs. Because no activity, particularly agricultural activity, can support a loss of 20, 30 or 40 percent. The government has indicated its intent to support agriculture this year. We hope it will

really happen. We pray God that the weather is good and that the government takes care to support and not to penalize agriculture.

Abilio Diniz: I share this optimism, at long range, or even at short range, if all these problems are overcome. This optimism must be extended to other areas and not just agriculture, although agriculture represents a great deal for our country. I have no doubt whatever that Brazil will overcome its problems; it will get through the crisis and we will be living much better and with much less anxiety than we are today, so much so that last year, a difficult year, was the year in which we businessmen made the biggest investments within our group. We invested because this is our responsibility, since we have the funds. We must have some belief in the country.

Laerte Setubal: When you talk about agriculture, you are talking about two types of production: for export and subsistence. In the export sector, Brazil already has a really weighty position, and I would say that subsistence agriculture was relegated to the background, and this is reflected in the inflation, in the higher cost of foodstuffs. When you speak about agriculture, there is another parameter: the international prices "versus" the domestic market price. In the case of soybeans--we see the ineffective policy of the government--the price for soybean bran on the domestic market was much higher than the international market price. Why? Because there is a government agency, the CIP (Interministerial Price Council) which, in "mapping out" the production of a soybean processing plant, favors oil; that is, it sees that oil is sold at a subsidized price, a price subsidized by soybean bran. This leads to this distortion.

Olacyr de Moraes: There is a terrible misconception in the country regarding agriculture for export. In 1983, agriculture for export included 500,000 tons of corn; 1 million--of the 15,000 [sic] tons--of soybeans; cacao, which cannot even be considered an agricultural export, since it is exported as a manufactured subproduct; and coffee. There is a lot of talk about soybeans as a sophisticated export, except that we export less than 10 percent of what we produce.

I want to point out that, meanwhile, soybeans were the source of over 90 percent of the oil consumed in the country, replacing cottonseed or peanut oil, animal fats, etc. It is impossible to replace soybeans with another product, because it is the legume which is turning unproductive soil, scrub land, into highly productive land. We can also have good crops of corn, rice and other products if we grow soybeans on the land first. It is a crop which restores the soil. So it is a mistake to imagine that if soybean production were cut back, there would be abundance in the country. On the contrary, there are farms which, if they are prevented from producing soybeans, will become absolutely unproductive. There is inadequate information; there is almost a campaign to claim soybeans are an export product, contrary to Brazilian interests.

Antonio Erminio: Since 1977, I have been saying that I see agriculture as the solution to the Brazilian crisis. I am not a farmer, but in a country with 8.5 million square kilometers--thus 850 million hectares--and 25 percent of it arable land, if we could plant on at least half of this 25 percent, we would have at least 110 million hectares planted in crops; if the yield were a ridiculous 1,000 kgs per hectare, we could harvest 110 million to 112 million tons of grain.

My God in heaven, when we see recession beating at our door, with so many people out of work, why don't we have an aggressive policy to move this manpower into the interior and put it to work growing?

We must return to our origins before we begin to think about nuclear energy and sophisticated [technology]. In my opinion, Brazil has only one way out, immediate, swift and necessary: agriculture. We need to have a priority--and agriculture is that priority.

JORNAL DO BRASIL: Do you all believe agriculture is the way out of the crisis?

Abilio Diniz: It is not the only option--it is part of a range of measures that must be given priority. Food production must be looked at very carefully. I agree that agriculture must be a concern of any government--this government or the one to follow.

Antonio Ermirio: We need to generate 1.5 million jobs per year. All the businessmen know it is difficult to create new jobs, but we have this obligation. I hope the government does not consider profit to be a dirty word. Profit is not an ugly word. It is only with profits that we are able to create jobs. If profits diminish, it creates a much more difficult situation in the area of risk capital.

JORNAL DO BRASIL: But agriculture has many problems. One of them is the price structure. When there is a price reaction, the product is generally already out of the reach of those who produced it. How is it possible to expand and modernize agriculture without a guaranteed price--and now with the cost of credit so high?

Olacyr de Moraes: The bottleneck in agriculture is in marketing. The issue is very relevant. The government has a system of price floors for certain products. This price is adjusted almost up to harvest time. What happens? It stops being corrected precisely on the day the harvest is initiated. In other words, if the producer does not market his crop immediately, he loses 10 percent per month. When the producer begins to harvest, he is in a difficult situation; he is loaded with commitments, bills to pay. He owes money everywhere and really has to market his crop to meet these commitments. At this very moment, the big pressure comes. The adjustment of the minimum price stops. What happens? In step the middlemen, the multinationals; they take advantage of the failure of the minimum price system and buy up the crop.

Antonio Ermirio: Brazil is a capable country, with capable people. Unfortunately, as Abilio said, structurally, it is a new country. We have industrialized in the last 30 years. Before then, we were a vast farm. We do not have to have St Peter as a partner to guarantee a good harvest. I recall that, since the time of Maua, there has been talk of irrigating the northeast. The day that the drought problem is solved in the northeast, it will produce everything that is produced in the south, contributing mightily to the agricultural sector. Irrigation for the northeast is a matter of priority for 30 million inhabitants, but irrigation does not win votes for anyone. Irrigation would make life secure for the northeasterner up there, and this is important, because the great urban centers of the nation are impossible to administrate today. Why? Sao Paulo takes in 350,000 people every year, within the greater Sao Paulo area. If we cannot provide jobs for the ones who are here now, imagine what this added population means!

The Five Participants in the Round Table

Abilio dos Santos Diniz: Aged 43, former race car driver, soccer goalie and polo player, Diniz is director superintendent of the Pao de Acucar Group (50,000 employees and earnings of 1 trillion cruzeiros in 1983). Trained in business administration at the Getulio Vargas Foundation, he is a member of the National Monetary Council and the Superior Economic Council of the Sao Paulo Federation of Industries.

He is considered to be among those responsible for the development of the Pao de Acucar Group in the last 5 years and is always in the forefront of its major negotiations. For 1984, the group has planned investments estimated today at 64 billion cruzeiros. This year it invested 40 billion cruzeiros, and closed the year with 526 stores, operating in Brazil, Portugal and Angola.

Laerte Setubal Filho: Aged 52, considered a "nobleman" in business circles, he is president of the AEB (Association of Brazilian Exporters), the National Association of Feed Manufacturers and the Brazilian section of the Brazil- United States Business Council. He is vice president in charge of the export sector of Duratex (7,000 employees and earnings of 100 billion cruzeiros in 1983).

Since 1977 he has been advocating the reestablishment of the democratic regime in Brazil. He is well known for the statement, made in February 1977, which caused great controversy: "The military are tired of being the praetorian guard for the regime." In business circles, he is considered the executive with the greatest understanding of the nation's export sector. He is also a member of CONCEX (National Export Council), a government organ. Duratex has no investments planned for 1984.

Olacyr Francisco de Moraes: Aged 50, president of the Itamarati Group, de Moraes is known as the largest individual producer of soybeans in the world. He considers himself simply a "working man." He is one of the pioneers in the settlement of the eastern Amazon region, where he installed a farm for the production of food crops on 50 square kilometers in Mato Grosso. He has investments in the region and plans to increase his soybean acreage to 1 million hectares.

For over 10 years he has been arguing that agriculture is the solution to the country's problems.

In this regard, he complains: "But they are afraid to listen to me, when the whole thing is so logical." In addition to his agricultural venture, he has a bank (Banco Itamarati), a construction company (CONSTRAN) and an alcohol distillery, in the middle of the Amazon jungle, to be inaugurated with the next sugar cane harvest. (With 6,000 employees, his agricultural complex earned 17 billion cruzeiros last year).

Pedro Conde: Aged 52, president of the BCN complex (National Credit Bank), with 15,000 employees and fixed assets of 64 billion cruzeiros, Conde is the former president and current vice president of FEBRABAN (Brazilian Federation of Bank Associations). He is firmly opposed to the growing nationalization of the economy, which he describes as "a sick giant."

With his brother, Armando Conde, he is developing what he has called "Project Breadcrust," to install distilleries in the eastern Amazon region and to produce foodstuffs. The political-economic equation is his favorite topic of analysis and discussion.

Antonio Ermirio de Moraes: Aged 53, he trained in metallurgical engineering at the Polytechnical School of the University of Sao Paulo, with complementary studies in the United States. He was one of a group of eight businessmen who signed a document in August 1978, calling for the restoration of democracy in the country and an end to the so-called "financial ring-around-the-rosie."

He is responsible for the metallurgical sector of VOTORANTIM, of which he is the director-superintendent (56,000 employees and earnings of 900 billion cruzeiros in 1983). He is a member of the administrative council of the electric power companies of Sao Paulo State and president of the Beneficencia Portuguesa [Portuguese Processing Company], a venture initiated by his father, Senator Jose Ermirio de Moraes. For 1984, the VOTORANTIM Group has planned investments of at least 150 billion cruzeiros, primarily to expand aluminum production.

6362

CSO: 3442/50

UNEMPLOYMENT DROPS TO 6.51 PERCENT IN NOVEMBER IN MAJOR CITIES

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 31 Dec 83 p 21

[Text] The unemployment in the country's six leading metropolitan areas during November represented 6.51 percent of the economically active population, being the lowest rate recorded since March. In comparison with October, unemployment dropped in all the country's large urban centers; and, in Sao Paulo, the 6.54 percent rate was the lowest recorded in 1983, according to a disclosure made yesterday by the Brazilian Institute Foundation of Geography and Statistics (IBGE).

The greater hiring of individuals in the trade and services sectors, mainly to deal with the increase in the demand for goods resulting from the Christmas and New Year celebrations, was cited by the head of IBGE, Prof. Jesse Montello, as the main reason for the reduction in unemployment during November. In the commercial area, the unemployment dropped from 0.93 to 0.89 percent of the economically active population between October and November; while in the services sector the unemployment declined from 2.34 to 2.27 percent of the personnel holding jobs.

There was also a reduction in the average time used by unemployed persons to seek work. Up until November, the unemployed were spending 16 weeks (nearly 4 months) to obtain another job; while up to October the average time used for this purpose was nearly 18 weeks (4 and a half months).

In November, the average rate among individuals working independently who did not receive any pay during the month represented 1.07 percent of the active population; during October, that rate amounted to 1.17 percent.

The Unemployed

In the view of IBGE, which considers as overtly unemployed the group of workers seeking jobs for the first time, added to those who had previously been employed, aged 15 years and older, during November there were 785,032 unemployed persons in the metropolitan regions of Recife, Salvador, Belo Horizonte, Rio de Janeiro, Sao Paulo and Porto Alegre.

To be added to that group are an additional 130,544 independent persons who earned nothing during November, thus raising to 915,576 the total number of

persons who, last month, were left virtually without any pay earned for work performed, with or without an employment affiliation.

Average Rate of Overt Unemployment (Persons 15 Years of Age and Older)--1983

<u>Month</u>	<u>Average Rate of Unemployment (%)</u>		
	<u>Total Seeking Employment</u>	<u>Previously, For the First Time</u>	<u>Employed</u>
January	6.30	0.78	5.52
February	6.14	0.72	5.42
March	7.02	0.80	6.22
April	7.17	0.75	6.42
May	7.03	0.68	6.35
June	6.90	0.64	6.26
July	6.82	0.63	6.19
August	7.00	0.67	6.33
September	7.12	0.64	6.48
October	6.75	0.71	6.04
November	6.51	0.60	5.91

Rate of Overt Unemployment Per Metropolitan Region
(%) Persons 15 Years of Age and Older--1983

<u>Month</u>	<u>Metropolitan Regions</u>						<u>Average rate</u>
	<u>Rio de Janeiro</u>	<u>Sao Paulo</u>	<u>Porto Alegre</u>	<u>Belo Horizonte</u>	<u>Recife</u>	<u>Salvador</u>	
January	5.83	6.53	5.45	7.58	6.96	5.61	6.30
February	5.41	6.48	5.83	7.13	7.14	5.20	6.14
March	6.71	7.03	6.99	7.97	8.37	5.58	7.02
April	6.59	7.30	7.08	8.13	8.92	5.77	7.17
May	6.27	7.24	7.38	7.84	8.81	5.59	7.03
June	6.54	7.05	6.85	7.71	7.74	5.47	6.90
July	6.16	7.00	7.17	7.57	8.59	5.04	6.82
August	6.55	6.94	7.79	7.69	8.43	5.93	7.00
September	6.66	7.22	7.32	8.09	8.40	5.55	7.12
October	6.20	6.71	7.14	8.13	8.09	5.73	6.75
November	6.16	6.45	6.22	7.83	7.85	5.49	6.51

Source: IBGE

2909

CSO: 3342/48

CALENDAR, RULES REGULATING PRESIDENTIAL SUCCESSION PROCESS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 27 Dec 83 p 5

[Text] The candidate to be named by President Figueiredo to succeed him will have to undergo two tests before actually being installed in office: the PDS [Social Democratic Party] national convention, which will be held by 5 September, and the electoral college, which will meet on 15 January 1985. He will be the third president in the revolutionary cycle selected by the college, which is comprised of senators, federal deputies and state deputies. And he may possibly be the last one to be elected indirectly, judging from the mood of the PDS politicians and opposition.

In his first test, the convention, he will have to receive a majority of 964 votes over the candidates running on their own, with the backing of 20 percent of the convention members. The party's 45 senators and 235 federal deputies, the 121 members of the national board of directors and the 563 delegates named by the regional conventions are entitled to vote at the PDS national convention, many with a cumulative vote, because they are federal deputies or members of the national board of directors. Any politician can challenge at the convention, provided he is backed by 20 percent of the convention members, when it is time to submit the lists.

Only the winner at the national convention may be recorded in the electoral college as the party's candidate for the president of the republic. No dissociated candidates are allowed in the college, and those defeated at the PDS convention will not be able to be nominated by another party to run.

The college, which will select or confirm the next president of the republic, is not the same one that elected Geisel and Figueiredo, attesting to the improvisation and lack of tradition in the election of the revolutionary presidents. Like the previous ones, it is comprised of senators, and federal and state deputies. But the criteria for its composition were changed by Constitutional Amendment No 22, of July 1982, which increased the political weight of the northeast and reduced that of the state of Sao Paulo further still in that college.

Former President Ernesto Geisel had his nomination confirmed by a college of 503 electors, 66 of whom were senators, 310 federal deputies and 127 state

deputies, named by the Legislative Assemblies. In that college, which met on 15 January 1974, ARENA [National Renewal Alliance] had 401 votes, as compared with 102 for MDB [Brazilian Democratic Movement], which went to Deputy Ulysses Guimaraes. The 127 state deputies voted in the capacity of delegates of the Assemblies, and were selected on the basis of the population's judgment.

President Figueiredo was elected on 15 October 1978 by a college with 589 votes, distributed thusly: 357 federal deputies, 64 senators and 168 deputies from the Legislative Assemblies. Figueiredo received 355 votes, compared with 234 given to the MDB candidate, Gen Euler Bentes Monteiro.

The next college will meet again on 15 January of the year in which the presidential term ends, owing to Amendment 22, which also changed the criterion for naming delegates. Up until then, they had been designated by the majority party in the Assemblies, with a minimum of three per state, and another one for every million inhabitants residing there. Now, regardless of the population, each state appoints six delegates to the college.

The 1985 college will consist of 686 privileged electors: 479 deputies, 69 senators and 138 state deputies named by the Assemblies. The first college under the multiparty system, PDS has 361 votes in it, PMDB [Brazilian Democratic Movement Party] 274, PDT [Democratic Workers Party] 30, PTB [Brazilian Labor Party] 13 and PT [Workers Party] eight votes. Combined, the opposition has 325 votes, in other words, 36 fewer than PDS.

Because of the system for designating delegates, the northeast states account for 42 percent of the electoral college votes, although the nearly 10 million voters residing in that region represent only 26 percent of the national electorate. For the same reason, Sao Paulo has only 69 votes (three senators, 60 federal deputies and six state deputies), representing slightly over 10 percent of the college, even though it now contains virtually 25 percent of the national electorate.

It should be noted that, owing to Amendment No 22, the state of Sao Paulo's representation in the electoral college has been reduced. In 1978, in the election of Figueiredo, the Sao Paulo members had 73 votes, representing nearly 12.5 percent of the college. In compensation, Acre, which had eight out of 589 votes in the 1978 election, now has 15 in a college of 686.

According to the PMDB members who still believe in the possibility of a direct election for president of the republic, 15 April is the last time to submit to the Congress a proposal to amend the Constitution for this purpose, and for Figueiredo's successor to be selected directly, abiding by the electoral calendar already in existence. To those who do not believe in changing the ground-rules, the first deadline for the succession is 15 July 1984, when Vice President Aureliano Chaves will be prevented from replacing Figueiredo in his absence.

15 April is a political date, not called for in the legislation, but set by virtue of an agreement between the head of PMDB, Ulysses Guimaraes, and the

Minas governor, Tancredo Neves. Ulysses has until then to try to win the country over to the proposition of the right wing. Otherwise, Tancredo will use the majority that he has in the party and, with that backing will head for talks with the government regarding the succession in the electoral college. It has already been arranged that by 15 April PMDB will meet to decide whether or not it will participate in the electoral college.

According to the candidates attempting to challenge in the electoral college, the first deadline to be observed is that for ending conflict of interest in the public offices that they hold. Just as Vice President Aureliano will not be able to hold the presidency after 15 July, Tancredo Neves and Mario Andreazza would have to end their conflict of interest by 15 August; because, for state governors and minister, the deadline is 5 months before the election date. Maluf and Ulysses Guimaraes, and any deputy or senator, need not give up their term to run.

Supplementary Law No 15, which regulates the presidential succession, stipulates that the party conventions to select candidates for the president and vice president of the republic must be held by 5 September 1984. Within 10 days after the selection, each party must request "the Senate Board for the registration of the candidates, drawing up the request with an authentic copy of the convention minutes and authorization of the candidates by means of a document bearing an acknowledged signature and certification from the TSE [Supreme Electoral Court] that those selected enjoy political rights."

If the candidate for president named by a party lacks a party affiliation, he will have 8 days after the convention to register. But if the candidate is already a member of another political party, he may not run; because Paragraph 3 of the Organic Law on Political Parties requires that, when dissociated from a party, the elector must have at least 2 years' affiliation with the new party in order to be able to be a candidate for any elective office.

By requiring a copy from the convention to register candidacies, the law prevents dissociated candidates from appearing at the presidential electoral college. Only candidates selected by the party participate. On the other hand, the provision regarding party affiliation allows a party to choose a candidate without an affiliation; while the Organic Law precludes the possibility of a PDS member's being registered by PMDB or a PMDB members' being selected by PDS.

Based on Supplementary Law No 15, by 10 September the State Assemblies must meet to appoint from among their members the six delegates to the electoral college. The college consists of all the deputies, all the senators and six delegates from each Assembly, named by the party which has a majority of votes in it.

The electoral college meeting is set for 15 January 1985, according to the terms of Constitutional Amendment No 22. It will be chaired by the Senate Board. The electors will be summoned one by one to vote aloud. Since the law does not stipulate the necessity for giving the vote to the candidate named by his party, the elector may vote for whomever he wishes. According to Minister Leitaó de Abreu, the provision for party loyalty does not apply to the electoral college.

But there are some who think that, since the party insists on the selected candidate, dissidents may be punished with the loss of a term as senator, federal deputy or state deputy, ordered by the Electoral Court through the party's representative.

The issue of party loyalty in the electoral college is irrelevant from a legal standpoint, because the electors who voted against their party's instructions will be happy if their candidate is the winner. They will enjoy prestige with the new president and will be able to join the new political party in time to participate in the 1986 elections. They will also be members of a majority political group, with strength to change the law or, as is already a habit in the country, bring about a new party reform.

The last deadline set in the law associated with Figueiredo's succession is 15 March 1985, when his successor must take office, whether the process of his election is direct or indirect.

2909

CSO: 3342/48

PROSPECTS FOR ACHIEVING POSITIVE TRADE BALANCE IN 1984 DISCUSSED

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 5 Jan 84 p 24

[Text] Now that the goal of a trade surplus exceeding \$6 billion in 1983 has been achieved, attention is being turned to the prospects for the performance of the balance in 1984, when it will be attempted to attain a positive balance of \$9 billion. This is apparently a difficult task, because the aim is to increase exports despite cuts in the subsidized financing, in addition to keeping stringent control over imports (in fact, it is less marked than in 1983), as was the case the year before. In this regard, the possibility of Brazil's consolidating certain markets has assumed importance, as has the attainment of a recovery in its participation in certain other ones which proved to be a problem during 1983, particularly in developing countries.

According to data provided by the Central Foundation of Foreign Trade Studies (FUNCEX), sales of Brazilian products to industrialized countries were responsible (until September) for 58.07 percent of the total, representing an increase of 10.46 percent over the same period the year before. Obviously, this progress can be attributed to the beginning of the economic recovery in the United States and Europe, although with less emphasis in the latter instance. As for the less developed nations, the picture is different; and, during the aforementioned period, national exports rose only 0.47 percent.

Insofar as the trade with the ALADI [Latin American Integration Association] countries is concerned, Brazil had a substantial reduction of 28.36 percent in its sales, wherein Mexico (-54.3 percent), Venezuela (-41.89 percent) and Colombia (-50.93 percent) were prominent; while Ecuador and Argentina increased their purchases of Brazilian products. The main obstacles for Brazil lay in the area of industrialized products (basically, machinery and equipment), the marketing of which in Latin America and the African countries was hampered by the economic status of those nations. Moreover, the progress of Brazilian exports on the Latin American continent has been negative for 3 consecutive years, dropping from \$4.2 billion in 1981 to \$2.1 billion (preliminary data) last year.

This information indicates the situation marked by problems that Brazil will most likely continue to face throughout this year. Both in the case of Latin America and that of the African countries, there are several economic adjustment programs under way, wherein emphasis is being given to cuts in imports,

just as is being done in Brazil itself. So, the hopes of a surplus of \$9 billion in 1984 are based mainly on the continuation of the North American and European recovery, despite the perpetuation of interest rates at levels regarded as historically high.

Another factor for an increase in national exports will be the performance of the agricultural harvest, which may generate large surpluses with regard to soybeans, in addition to maintaining large income from coffee and cacao, among other products. The recovery of sales of staple products during 1983 was one of the vital factors for the balance, although it has not yet reached the level posted in 1981. Actually, during 1981 exports of staple products amounted to \$8.9 billion, as compared with \$8.65 billion for last year (a FUNCEX estimate), making a total of \$12.5 billion for industrialized products. The decline shown by the staple products is essentially attributable to a reduction in sales of iron ore, among other items.

In short, the prospects for exports in 1984 do not seem to differ very much from those noted at the beginning of 1983, when few considered the intended goal to be viable. For the present, it is too early to make any forecast on foreign trade, but it is a fact that Brazil will have to make a particular effort not to let the goal of \$9 billion be attained basically at the cost of pressure on imports. The savings of oil will represent another factor capable of easing the suppressed demand for imports in the private sector.

2909

CSO: 3342/48

1982-83 WHEAT CROP EXCEEDS EXPECTATIONS BY 100,000 TONS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 5 Jan 84 p 26

[Text] During the 1982-83 harvest, wheat production exceeded the Ministry of Agriculture's forecasts by over 100,000 tons, with an average productivity of 1,100 kilograms per hectare, affording a gross seed reserve of 503,000 tons, compared with only 400,000 available for the 1982 planting. The National Wheat Purchasing Department of the Bank of Brazil has already purchased 2.1 million tons of wheat to date, resuming the purchasing during January at a price of 11,988.00 cruzeiros, 7.7 percent more expensive than in December.

This information was provided yesterday in Brasilia by the Ministry of Agriculture's wheat manager, Renato Zandonadi, in whose opinion the recent harvest was one of the best in recent times, equalled only by those of 1973, 1974 and 1981. The state which produced the most was Parana (over a million tons), followed by Rio Grande do Sul (722,000 tons) and Sao Paulo (174,000 tons). According to Zandonadi, the "exceptional" productivity for Brazil's position may be noted from the following: In 1982, 2.9 million hectares were planted, and the production amounted to only 1.84 million tons; whereas in 1982-83, 1.9 million hectares were used, and the production exceeded 2 million tons.

Insufficiency

The cut of over 600,000 tons in wheat imports for this year will reduce the supply of the product, because the native production is insufficient to make up the difference between the imports and the total consumption. According to the technicians from the Secretariat of Agriculture in Parana, where the wheat growing area has declined greatly in recent years, there will not be a shortage of the product only because the removal of subsidies should curtail consumption.

Moreover, the technicians are of the opinion that the cut in imports and the removal of the subsidy will create favorable conditions for an increase in other types of meals, primarily corn, reducing the direct demand for wheat.

At present, Brazil's wheat consumption is close to 6 million tons, and in recent years the production has been nearly 2 million tons. The supplement comes from imports from the United States and Argentina, which are a heavy burden on the Union's budget. The cuts planned for this year, when imports should decline

from 4.1 to 3.5 million tons, will not be made up by the domestic production estimated at present for the next harvest, for 2.4 million tons, a volume that is still 16 percent larger than that of this harvest. Since the wheat harvest does not coincide with the calendar year, there will be a balance between the supply and demand only if the present consumption decreases; something which should occur as a result of the constant rise in prices of the product.

2909

CSO: 3342/48

BRIEFS

MILITARY CONTRACT WITH NIGERIA--Brazil and Nigeria have made a commercial agreement in the military equipment supply sector amounting to approximately \$200 million. The period for shipping the equipment and executing the agreement is 2 years, and ends in September 1985. During this interval, the Brazilian firm ENGESA [Specialized Engineers, Inc] has promised to deliver to the Nigerian Armed Forces the Urutu EE-11 and Cascavel EE-9 armored vehicles, the latter provided with a 90-millimeter gun. The contract also calls for the sale of 7.62 millimeter FAL rifles, ammunition of various calibers, freeze-dried field rations, emergency surgery kits and light weapons for personal carrying. A second negotiation, still under way last week, called for the purchase of R-108 saturation multiple booster rockets from Avibras Aerospace, in addition to a complete fleet of Volvo trucks, in their troop transport version.[Text] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 Jan 84 p 7]
2909

CSO: 3342/48

NATIONAL EMPLOYMENT COMMISSION VIEWED AS POSITIVE STEP

Santiago TERCERA DE LA HORA in Spanish 24 Dec 83 p 3

[Editorial: "National Employment Commission"]

[Text] The creation of the National Employment Commission whose objectives are to plan, coordinate, execute and evaluate a series of programs at the national, regional and community level to reduce unemployment rates and propose policies on this is the first serious step taken by the government to solve the worst problem in Chile today.

Within that framework, there will be a diagnosis of the situation in the country. This will be used as the basis to outline courses of action designed to solve the precise problems that exist today.

For that task which has already begun, the executive secretariat will have the collaboration of an advisory committee made up by distinguished professionals from the Ministries of Interior, Finance and Labor and ODEPLAN [National Planning Office].

That interdisciplinary focus and the work of the commissions created by the businessmen after the national advisory meeting of the Production and Trade Confederation will expedite the work of this commission.

The basic philosophy of this initiative and the methodology adopted for its implementation are pragmatic and realistic and insure its good functioning. Therefore, the management associations which had constantly suggested mechanisms of this type will now have the proper instruments to handle the problem of unemployment.

The commission will also be able to regulate the programs of the PEM [expansion unknown] and the POHJ [expansion unknown] which will help ease tensions caused by restrictions imposed on them in the Metropolitan Area.

It should also be pointed out that this commission will permit planning and coordinating the work of different organisms. It constitutes an example that must be imitated in other areas in which there are problems as urgent as unemployment whose solution has been delayed due to dogmatic focuses tied to doctrine.

As the idea of handling problems with concrete measures spreads, the current gloomy situation of the economy of the country will clear up.

Within this context it must be remembered that the efforts of the state in this area are essentially urgent measures. They will end with a real revitalization and development of the private sector for which the proper conditions must be created.

7717

CSO: 3348/181

WEEKLY CALLS FOR UNITY IN GOVERNMENT POLICY, ACTION

Santiago QUE PASA in Spanish 22 Dec 83 p 5

[Editorial: "Unity Is Possible"; passages enclosed in slantlines printed in boldface]

[Text] Last week we pointed out the existence of a political vacuum that had very clear causes and negative consequences. This vacuum implies an absence of leadership and makes the people lose confidence in those in the leadership of the country.

Consequently, the current need is for the leaders of all sectors to find their own truth--that is, reform themselves to carry out their role well, interpreting through their aspirations the sector they represent which constitutes their origin and *raison d'etre*.

This problem is obvious when the hierarchy of the Catholic Church speaks out more on temporal and worldly problems rather than provide the Catholics with what they want from their pastors: spiritual advice and guidance, the only things capable of providing the strength needed to face human suffering and sorrow.

Each day the Democratic Alliance becomes less reliable since its democratic leaders appear confused and occasionally led by people who aspire to an anti-democratic society and hoist banners of the Marxist Salvador Allende. Can the democratic bases of the opposition front or the people who feel disoriented now have confidence in the road those leaders indicate? Definitely not.

The government is not exempt from the problem of lack of credibility either since it has confused its own identity. This concerns us even more /because we believe in a number of principles/ that seem to be dangerously weakened by the deformation of the regime. It is worrisome because the military government has the natural responsibility of leading the institutionalization process and because, at one time, it fully interpreted the overwhelming national feeling for a reform of our political practices.

We think that the problem that the military government and its supporters face today has a very obvious solution: /reshape its unity/. Only in this way can it achieve the efficiency that gives confidence, that permits it to adopt as

its own everything reasonable and just that other members of the government propose, that banishes fights and suicidal "witch hunts."

The government supporters must seek unity so that the strength it provides can be used to pressure the government itself to clarify its actions and reaffirm clear political and economic objectives that give it coherence and unity. Examples would be commitment to an unchangeable political timetable or to an all-out battle against unemployment and the debt. /This is a political necessity of maximum urgency./

The government itself has used and abused the idea of /"divide and conquer"/ without noting that it is only useful to a point--when the division affects its own support forces. That is what is happening in the government. The divisions that afflict and have afflicted many parts of the regime are public and notorious. Without question, the most important division is between the political leadership and the economic leadership.

This division arises from the fact that political dynamics are very fast. Results are needed in all fields and, obviously, the most important are economic. These, in turn, are difficult to achieve since the country has few resources and /since the revitalization processes require, first of all, the confidence of the economic agents/. This is impossible to achieve in an atmosphere of instability which has been created to cause internal divisions. These are also caused by the style of government. This style consists in not granting powers or stability to the people responsible for directing government policies which consequently means not giving stability to their actions. /Everything today has an effect of days only./ There is constant speculation whether some minister is leaving, whether there is a political opening or hardening or whether the economic policy of the government will change. /Under this scheme, what good are the 6-year economic and political plans presented to the country?/ Today we only know, from the government itself, that the present cabinet is stable until 31 December. We are sure that after that date there can be very surprising changes. Under this scheme, what can be constructed?

We believe that it is urgent to correct this style and direct all efforts toward achieving unity and, through it, the confidence of the people. Concretely, there are two ministers--one political and the other economic--who have serious disagreements. Each one has had some success in obtaining the confidence of the people. The great challenge for them now is to make their actions compatible. One must understand the need to keep economic principles intact; their deformation would mean the deformation of the regime itself. The other must face his economic decisions, giving more consideration to political criteria. This ranges from the use of appropriate language--less Messianic by some collaborators--to the need to show certain economic results within a political time frame.

We think that the basis for unity remains intact: the explicit commitment of the government and the military junta to institutionalize the country through unlimited fulfillment of the 1980 Constitution and to encourage its development through an economic plan based on freedom.

Without any question, /the criterion for unity must be in the heart of the regime itself/. Only in this way will the men elected and the policies they implement obey a coherent criterion. /Therefore, we believe that the president of the republic and a reformed style of government must be the basic factors for unity./

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CSO: 3348/181

DEMOCRATIC ALLIANCE ISSUES YEAR-END REPORT

Santiago TERCERA DE LA HORA in Spanish 23 Dec 83 p 4

[Text] "The end of 1983 means more than 10 years of dictatorship. The disaster of the government and the economic, social, political and moral destruction of the country are the most visible signs of such a long period." This was part of the statement on the national situation delivered yesterday by the AD [Democratic Alliance]. It was read to the press by the president of that opposition political group, Ricardo Lagos.

It added: "The personalism that characterizes the government makes every effort to justify its failures, indefinitely prolong its power and create, through expensive propaganda, the false illusion of a better future. The truth is that the regime is exhausted. The immense majority of the Chileans are aware of this."

It added: "The wages of workers have deteriorated drastically and productive activities and commerce are seriously declining." At the same time there is unemployment at "catastrophic levels" and the financial system is "unbalanced."

Facing this, it stated, "it tries to burden all Chileans with the payment for this extravagance used to speculate, promote capital flight and satisfy unbridled consumerism. The announcement that private banking has no deadline for paying the debt contracted with Central Bank corroborates the above."

The statement said that the situation will worsen with the recent measures of reprisal against the workers of PEM [expansion unknown] and POJH [expansion unknown]. It also stated: "With the destruction of the economy, the government has generated a social crisis that is leading to a more serious polarization." It goes beyond "the limits that made it possible for the country to resolve the crisis through reconciliation and peace." It pointed out the destruction of intermediate social organizations, especially the "deliberate weakening of the union structures and social legislation." The AD stated that all this leaves the people defenseless.

"The failure of the economic model, the social destruction, the political crisis and the moral breakdown deserve a different response than repression. However, that is the main response the government knows and gives." It then referred to the recent statements by the director of the CNI [National

Information Center] and stated: "The dissolution of this organism is a basic requirement for national reconciliation and the democratization of the country. This has been demanded by the majority of the national sectors."

It maintained: "The government has revealed that it has no intention of truly recovering democracy. Those who have been and are committed to the regime do not even share the same opinions. Recognition of the 1980 plebiscite, the legitimacy of the Constitution and the mandate of the authorities thus created were rejected from the first day. The aberrant transitory provisions aimed at institutionalizing the dictatorship and the abusive way the plebiscite was carried out make any agreement impossible as seen in the tone of most of its more important provisions."

It stressed: "There is no other choice than to give back to all citizens the power to elect their authorities and representatives, to recover democracy as a system of coexistence and to fully restore the rights and dignity of the people."

According to one of the last paragraphs, "it is said that we are motivated only by ambition for power. There is nothing further from the spirit that motivates us. We only want the free and sovereign will of the people, legitimately expressed, to decide who should lead them."

Appeal

The AD agreed to present an appeal facing the intendent's refusal to authorize rallies in Nunoa and San Miguel that were to be held Wednesday. It had to be presented to the courts yesterday or, at the latest, this morning.

This action does not eliminate the possibility of a constitutional accusation.

It evaluated this year and presented its official statement. It pointed out the formation of the AD opposition front that has been recognized internationally as an alternative to the dictatorship. It said that the AD chose the nonviolent method and the road of political alternatives is "peaceful and civilized." It then added: "We do not want violence or to deepen division among Chileans."

It also stated that the political opening obtained is the result of social and popular mobilization. It rejected the idea that this decreased in the second half of the year, indicating that it had different forms of expression and emphasizing regional work and the rally in O'Higgins Park. It added that demonstrations would continue in 1984 along the road outlined by the AD-- that is, through chapters. It did not reject the possibility of a national strike but said that this was not in the immediate plans of the AD.

It said that the demonstrations will not stop during the summer since "unemployment does not stop nor Caceres' plans and economic policy which are its main causes."

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CSO: 3348/180

MARIO SHARPE ON DEMOCRATIC ALLIANCE PLANS FOR 1984

Santiago TERCERA DE LA HORA in Spanish 3 Jan 84 p 4

[Text] During the next few days, the Latin American Parliament's Executive Committee will meet in Santiago with special guests from the European Parliament in attendance. The announcement was made by the new head of the Democratic Alliance [AD], Mario Sharpe, who will head the opposition political organization for 2 months.

Sharpe also said that the attendees at the Latin American Parliament meeting include its president, Brazilian Senator Carneyro, and Peruvian Deputy Andres Tawsond. The meeting will be the culminating event topping the ceremonies to mark the bicentennial of the birth of the liberator, Simon Bolivar.

During his press conference, Sharpe announced that, during 1984, the chairmanship of AD will be rotated every 2 months, with the chair position going in the same order to the Christian Democrats, the Republican Right, the Radical Party, the Social Democrats and the Socialist Party.

Then he made a review of the activities in 1983. "We can view 1984 optimistically, because during 1983 there was a mass arousal of the people through protests which forced the government to surrender some political space. These protests were converted into an event attended by throngs in November. This year, there has been greater civic maturity, which will make it possible to step up the work of the opposition.

"We view this new year with concern (he claimed), because there is a high unemployment rate, a heavy debt, and a country with its industry and agriculture at a standstill, with the spirits of producers fallen. The government does not understand the socioeconomic problem. Furthermore, after a slight opening, it has become closed and is using force again."

He added: "On the international scale, the government is alone. Fortunately, it is the government and not the people who are alone. In Buenos Aires, when we attended the change of command, the Democratic Alliance noted that we Chileans have friends everywhere. The top-ranking world leaders received the Alliance."

Disclosing details on the action that AD will take during January, he announced important mobilizations held simultaneously in provinces, while the establishment of town councils will continue in Santiago.

He said: "We shall also back the meeting that the Group of 24 scheduled for 10 January at the Cariola Auditorium, where an account will be given of the work done by this group of constitutionalists."

When asked about General Pinochet's speech delivered at the year's end, he said that one should always "expect from the one holding power a conciliatory, non-aggressive and non-threatening tone." In this connection, he noted that the speech had left him with an unfavorable impression. "Furthermore, I missed an account of his 1980 promises: a million jobs, massive housing construction, a television set for every four Chileans, the cars to which we Chileans would have access, etc. It also seemed to me that the figures cited by him do not jibe with the national and foreign studies."

He claimed that the Democratic Alliance would ratify its policy of peace and non-violence. "The government has retrogressed, and that is shown when the superintendent refused permission for two gatherings without giving any reason. We want to return to democracy by non-violent means."

As for the terrorism that has occurred recently, Sharpe expressed the view that the government has the tools and responsibility for checking it. He added that this is occurring to some extent because of the social situation, and if the current social problems did not exist, it would decrease considerably.

With respect to the extent of the town councils being implemented by the Democratic Alliance, he confirmed that they were open to any social movements and sectors that wish to express themselves. He stressed the results of the town council already achieved as highly positive.

He was asked about the possibility of reopening the dialog. "This would require a substantial change in the government's positions. It is very difficult for us to give it credibility. When we participated in three meetings, we found that in the end they took away the interior minister's negotiating powers."

Finally, he was asked about the possibility of Pinochet's resignation and for an assessment of Saturday night's cooking pot demonstration. To the former he replied: "I consider it a good solution, which also has constitutional grounds. It is not the solution per se, but it is a path to it. Solutions can be sought under democracy, and they entail the international solidarity that this would bring about." As for the cooking pot demonstration, Sharpe commented: "Despite the fact that the government changed the time of Pinochet's speech, delaying it for 2 hours, there was a great response in many districts."

2909

CSO: 3348/190

CHILEAN-BOLIVIAN RELATIONS, SEA OUTLET ISSUE VIEWED

Santiago EL MERCURIO in Spanish 30 Dec 83 p A-3

[Text] The Chilean Government has given a response to the Colombian Government stating that it accepts that country's invitation for our foreign minister and his Bolivian counterpart to meet in Bogota for the purpose of seeking the most suitable course of action to resume normal relations between the two countries.

Chile's acceptance was stated in a letter from the minister of foreign relations, Jaime del Valle, to his Colombian colleague, Rodrigo Lloreda, in answer to a message sent to him by the latter on the occasion of the Christmas and New Year's celebrations, in which there was a reminder of the meeting agreed upon in Bogota to seek the best means of restoring normality to their relations which, as will be recalled, were upset by the decision of the Bolivian president, Gen Hugo Banzer, to break off diplomatic relations with Chile.

The Chilean note observes that Foreign Minister Lloreda has been so kind as to specify "that his government's offer is confined to seeking opportunities for dialog and paths to understanding between Chile and Boliva, it being incumbent on both countries to resolve their bilateral affairs directly."

This Chilean explanation has been all the more necessary because on the Bolivian side, both President Siles and Foreign Minister Jose Ortiz Mercado have made public statements to the effect that the meeting in Bogota should be aimed at holding talks with our country concerning the Bolivian problem of its landlocked position and the procurement of its own sovereign outlet to the Pacific Ocean.

This is not the sense of the OAS resolution nor the Colombian initiative, and it is feasible to explain right now the significance of the meeting to be held by the foreign ministers of Chile and Bolivia at Bogota.

As the OAS has stated in its resolution and the Colombian Government has stressed, and as our country's government and people interpret it, what is involved is merely seeking courses of action that would lead to a restoration of Chilean-Bolivian relations, so that, when this has been accomplished and the proper atmosphere has been created, they may start considering the problems of concern to the two nations.

For Bolivia, one of those problems, to which it attaches particular importance, is that of having Chile surrender part of its territory to that country so that it may have access to the sea; and this could result only from calm, free, bilateral negotiations among authorized representatives and in an atmosphere of mutual respect and understanding of their reciprocal interests.

The Chilean undersecretary of foreign relations has stated that mutual respect and the presence of a valid spokesman are the conditions that Bolivia must meet to talk with Chile. Only in this way will it be possible to reach an agreement that will be the basis for the restoration of a friendship that the people of Chile and Bolivia need for their good future understanding.

2909

CSO: 3348/190

PRESIDENT VIEWS ACCOMPLISHMENTS, PROBLEMS OF 1983

Santo Domingo EL CARIBE in Spanish 19 Dec 83 pp 1, 4

[Article by Ruddy L. Gonzalez]

[Text] President Salvador Jorge Blanco stated that 1983 has been a year of "trials" for the country, claiming that his administration has "made accomplishments," while five political leaders criticized the government's actions. They described the method used to grapple with economic difficulties as "deficient" and "incoherent."

"Although it did have its limitations, this has been a year of trials in which we have been able to reach the finish line with a dignified conduct and attitude, hoping that over the coming year we will be able to meet the challenge of these difficulties," said President Jorge Blanco.

Nevertheless, political leaders of the opposition and the governing party alike harshly criticized the levying of new taxes and condemned the way many economic and social situations in the country were handled during the year. They predicted serious difficulties for 1984.

Former President Juan Bosch, president of the Dominican Liberation Party (PLD), stated that 1983 was "bad in the economic order and also in the social order, where the great masses suffered the effects of the economic crisis, as reflected in a series of strikes and mass movements."

Jacobo Majluta, former president of the republic and of the Dominican Revolutionary Party (PRD), and now president of the Senate, said that 1983 has been very bad because the government has worked "in isolation" and "without planning, without presenting a coherent program for economic development." He said that this is why there is a "general lack of confidence."

Joaquin Ricardo, political secretary of the Reformist Party (PR), said for his part that the economic "squeeze" of 1983 led to massive protests, indicating that it has been a "tumultuous and turbulent" year that could spell an "economic apocalypse" for 1984.

Communist leaders Narcido Isa Conde, secretary general of the Dominican Communist Party (PCD) and Rafael "Fafa" Taveras, head of the Socialist Bloc,

agreed that the new taxes levied this year and the social protests in the interior demanding official attention have led to a "disillusionment," and to the "unpopularity" of President Jorge Blanco's administration. In their opinion, the government is "isolated" by the strong opposition of the political, business and popular sectors of the country.

The chief of state and the five political leaders expressed their opinions in separate interviews on the program "Temas del Presente" [Current Issues] which is aired on Sundays on Telantillas.

"This has been a year of trials in which we have made accomplishments," stated President Jorge Blanco.

Among the principal achievements of his administration in the public administration sector in 1983, the chief of state cited an "improvement" in the fiscal customs system, asserting that smuggling has been eliminated. He also cited accomplishments in the health, education and public works sectors.

Among the specific deeds, President Jorge Blanco mentioned the polio vaccination campaign, "which set a great example for the world;" the urban literacy program being carried out by the Secretariat of Education; and, in Public Works, the opening of the highway as far as Barahona.

He also noted that his government had accomplished something in national rice production, indicating that this year no rice had to be imported, and estimates are that in 1984 and beyond, such imports will no longer be necessary.

He also cited the inauguration of the Olympic city of San Pedro de Macoris, built on the occasion of the National Games that were held early this month.

"We have recovered the country's historic and cultural legacy with a series of new attitudes in the sense of seeking Dominican values that had been lost, such as the National Anthem, the National Pantheon, and so on," stated the chief of state.

President Jorge Blanco stated that "although it did have its limitations, this has been a year of trials, but we were able to reach the finish line with a dignified conduct and attitude, and at the same time we hope that during the coming year we will be able to meet the challenge of these difficulties."

In the view of the chief of state, "nations are forged, like precious metals, and during this time of crisis the Dominican nation is always ready to undergo tempering in the course of a crisis."

Former President Bosch stated that in the economic order, 1983 "was bad," and "it was also bad in the social order because the great masses suffered the effects of the economic crisis, as reflected in a series of strikes and mass movements."

He expressed the opinion that 1983 "was not bad" in the political sphere "because there was no major political event."

The president of the PLD opined that 1984 "could be better than 1983 if the resurgence of the world capitalist economy that began this year becomes stronger, or in other words, if the economic situation improves in the large developed countries such as the United States, Germany, Great Britain, France and Spain, and if along with that the prices of the products we sell also pick up."

Majluta indicated that this year "can be summed up as extremely difficult, a year when no major achievements of any sort can be touted, because the economic, social and financial situation has been much more problematic than in previous years. I think that we are caught up in the tremendous international crisis, but independently of that, there has been no significant improvement in the Dominican situation on its own."

The PRD leader and president of the Senate stated, "I think that the very economic philosophy that has been implemented is divorced from reality in the Dominican Republic, and from the possibility of improvement; because I think we are embarking on an economic process that could lead to a collapse or total paralyzation."

He added, "Obviously, in terms of new investment, employment, improved balance of payments, and real promotion of exports, I see us reaching a point of complete paralyzation, and we cannot say that there is more investment than disinvestment because many businesses have cut back their operations very drastically, while others have disappeared into financial bankruptcy."

Majluta stated, "I think that the positive aspects have been outweighed by the negative aspects this year, and that is leading the economy toward a deadlock in which no major economic dynamics will be seen."

He expressed the opinion that a review should be conducted and a consensus should be reached regarding the measures that must be implemented to face the national economic problem, "because we are working on the basis of very isolated measures; there is no planning, no coherently expressed program for economic development, and that is bringing about the worst thing that can happen to the economy: a permanent loss of confidence."

He added that, in his view, the loss of confidence in the government's actions "will rise from one social stratus to another," and indicated, "I would say that at this moment in the Dominican Republic, no one knows where we are going, no one has any confidence, and the people are losing confidence in our currency at an incredible rate. This is highly dangerous, and is completely out of touch with the real situation here."

He claimed that the Dominican peso is a "quite strong" currency, but that "the lack of confidence is turning the Dominican currency into a piece of paper that everyone wants to abandon and convert into dollars. This is not a good environment for an economic development process."

He contended that although the economic situation has "swept away" the parity of many countries' currencies with the dollar, in the Dominican Republic what he described as a "partial devaluation" has taken place.

"But until there is a clear indication of where we are headed, and how we plan to achieve the goal we set, the country will continue to stagger," stated Majluta. He added that the government is not the only one to blame for this situation, in his opinion.

The president of the Senate believes that the government's responsibility for the situation "is partly because it refuses to acknowledge its mistakes, and that is its great weakness. Another is that it does not recognize the role played by the opposition; it should take advantage of that role, and not perceive it as aggression."

He also said that the blame for the country's difficult economic situation is also shared by the sectors "that create public opinion" and the business sectors that he claims "have been extremely timid; they are not fulfilling their role in Dominican society; they do not confront the government measures that run counter to the business sector with an adequate, united response, but rather let each one defend his private interests."

He indicated that this attitude on the part of private businessmen has made it possible "for a series of errors to be committed, which have ended up damaging everyone."

"I think that we have all been remiss," stated Majluta, "including the directors of the opposition parties, their leaders, the government, and Congress."

He criticized the situation of the labor sector, stemming from the divisions among labor organizations. He also praised the efforts of the press as an objective factor in providing information during the national economic crisis.

"But if we continue along the same path we have been traveling, taking one measure today and another tomorrow, the country will continue to drift without aim; the situation will not improve, but rather worsen. And in my opinion, we are heading toward economic collapse," added Majluta. He said that in that regard, "the coming year will be much worse than the one just ending."

In the opinion of PR Political Secretary Ricardo, 1983 "has been a tumultuous, turbulent year, because the economic outlook has been very gloomy."

He added that "it has been characterized by a tight situation for the Dominican people with the resulting social tensions, and they have both in turn led to political conflict."

In Ricardo's view, "there is a kind of disillusionment, a kind of disappointment, and at the same time a certain apocalyptic feeling, to a degree, so that people expect next year to be not only tumultuous and turbulent, but also stormy and extremely difficult."

The political opposition leader pointed out that "as far as people can see in the development of this year, 1984 may be an apocalyptic year from the economic standpoint."

According to Isa Conde, PCD leader, "it can be said that this year the economic and social crisis has been accentuated, although it has not yet become a political crisis."

He said that "in the economic sphere the situation has certainly gotten worse for the vast majority of the population, because the results of the administration's actions are plain to see, and the efforts to deal with the serious problem of the balance of payments deficit have not yielded any visible results."

He said that the national inflation rate has climbed above 20 percent, although the government, through the Central Bank, says that it is below 7 percent.

Isa Conde stated that "the prospects for next year are even worse if all the measures and requirements set forth by the International Monetary Fund are put into practice."

He pointed out that the government's spending restriction policies have led to a "significant" increase in unemployment, "which immediately translates into a social crisis that is rather intermittent, emerging only at certain times, but one which is manifested in work stoppages, strikes and protests."

He indicated that in political terms, "the verdict on the government of President Jorge Blanco is very negative, because this administration today is politically isolated, since its social base has been reduced as a consequence of the IMF policy; its political base has also shrunk, because it is governing with only part of its own faction."

He said that the government of President Jorge Blanco is facing what he defined as "opposition on all sides," and explained that "not even the Ovalle faction (referring to Jose Ovalle) is with the government, and lined up against it are the leftist opposition, the center opposition in the PLD, and the rightist opposition with is exerting pressure not only through the Reformist Party but also in the Dominican Revolutionary Party itself, with the Majluta faction and preliminary candidacy."

Because of these circumstances, Isa Conde feels that "the government is completely isolated, it has lost all its popularity, it has disappointed the national populace, and will undoubtedly face strong pressures and tensions over the coming year."

Another Communist leader, "Fafa" Taveras, stated that "this has been a year of great social protests," and explained that "in November, when the major demands of the masses were perhaps about to end, most of the sugarcane and health workers stopped working, and stoppages were planned for teachers. Their single, strong demand was for better wages, better working conditions and better social protection."

He cited the massive demonstrations that took place throughout the year in various towns in the country, and called this "the year with the greatest mobilization for social protest in the last 15 years."

He added that "we are just beginning the popular response to the implementation of an economic plan that places even further constraints on the stomach and on the life prospects of the people."

"Fafa" Taveras indicated that in December, as Congress discusses the budget bill, "we have experienced, without a lot of publicity, a movement verging on a strike by importers, who are refusing to pay the taxes, forcing the government to reduce them to a certain extent, like the "Christmas special of 30 percent."

He stated that the economic situation "has spread a wave of generalized resistance which everyone knows will grow worse next year. Thus, in November there was practically a national strike when the protests by the workers in the sugarcane, health and education sectors coincided."

He added, "I think we can foresee a tormentous year ahead, with severe social upheavals, a year that cannot be blamed on agitation or conspiracies, and we are moving toward the unleashing of social genocide."

8926

CSO: 3248/294

MIDSIZE ASSOCIATION OF INDUSTRIALISTS FORMED

San Pedro Sula LA PRENSA in Spanish 12 Dec 83 p 11

[Excerpt] San Pedro Sula--Yesterday morning, in this city, in the presence of representatives from all over the country, the National Association of Medium-Sized Industrialists of Honduras (ANAMEIH) was established; an entity which has come into being as a result of what the members of the meeting termed "the need for us to organize for the defense of our interests and the formulation of plans for the government aimed at solving the major problems."

The meeting took place in a cordial, optimistic manner. The speakers explained that the National Association of Small Industrialists (ANPI) does not represent them, because it upholds different principles.

They pointed out that, while the small industrialists are asking the government of the republic to abrogate the constitutional gains of the seventh day and the 13th day month, they are in agreement with that fundamental legislation, because the problem is not the gains for labor but rather to increase production, attain new markets and increase exports.

The current chairman of ANAMEIH, Ramon Argueta, before being elected unanimously, stated that the medium-sized industrialists should join together not only for the defense of their interests, but also to bring up before the government, in a serious, responsible manner, the major problems confronting them; because only in this way can the public administration be informed on what their real situation is.

2909

CSO: 3248/293

GRAIN PRICES REMAIN HIGH IN SPITE OF GOOD HARVESTS

Tegucigalpa LA TRIBUNA in Spanish 14 Dec 83 p 46

[Text] Enrique Cano, head of extension for the Regional Office of Natural Resources in San Pedro Sula, claimed that the reprehensible action of middlemen or "coyotes" is that of not allowing prices of staple grains to be cut, even though production has been optimal this year.

He said that the Natural Resources authorities are shocked that the price of staple grains is being kept high, especially that of rice, which has currently experienced over-production in the northern section and other parts of the country, such as Olancho.

Shortcoming of IHMA

Cano is of the opinion that the problem lies in the fact that the Honduran Agricultural Marketing Institute (IHMA) lacks sufficient economic resources to purchase and store the crops; a situation used to advantage by middlemen to hoard in their warehouses enormous amounts of corn, rice and beans, products which later reach the consumer at really high prices.

The official complained: "I don't know why this situation, which is really serious because it affects the majority of the people, has not been checked"; adding: "The appropriate measures must be adopted, particularly in the Office of Price Control."

He remarked: "It is inconceivable that with an over-production of rice and good corn and bean crops as well, their prices should be sky-high," especially on the northern coast, where the staple grain production this year was a complete success.

Action in 1983

During 1983, the Agricultural-Livestock Extension Program provided technical assistance for 17,477 hectares of corn, with a total production of 55,609 metric tons. The action involved 117 farming groups, with a total of 2,340 associates.

A total of 2,520 hectares was devoted to bean growing, producing 2,864 metric tons, thusly: 20 groups of the reformed sector, with a total of 300 associates and an area of 983 hectares, and 105 independent farmers on an area of 1,537 hectares (final).

Insofar as the rice-growing was concerned, 3,965 hectares were provided to 72 groups with 1,440 associates, and an area of 1,857 hectares.

The program also included 78 hectares planted with cassava, in the reformed sector, and 95 hectares in the non-reformed sector. In addition, 96 hectares were gained for tabasco peppers, 22 of which belong to the reformed sector, yielding a production of 720 metric tons.

Cano said that the assistance for pineapple growing was provided chiefly through the Rio Lindo and San Pedro Sula agencies, with a total of 260 hectares, 140 of which are in the reformed sector.

As for bananas, there was a total of 392 hectares, primarily in the Pantano sector, in the jurisdiction of the El Progreso agency in Yoro. Other crops were also provided with service from that office.

2909

CSO: 3248/293

GOVERNMENT ACTS TO REDUCE 200 MILLION LEMPIRA DEFICIT

San Pedro Sula TIEMPO in Spanish 8 Dec 83 p 3

/Text/ In an effort to reduce the budget deficit of over 200 million lempiras the government has in the past few days taken measures such as selling bonds to the autonomous agencies and ordering new budget cuts for the various government departments, according to Finance Minister Carlos Corleto Moreira.

Corleto Moreira told TIEMPO that the fiscal deficit this year was estimated at around 200 million lempiras, "as a result of lower import duties."

He also said that collections from sales and export taxes had diminished.

The 200 million lempiras, he explained, represent approximately 20 percent of estimated fiscal revenues and 12 percent of the total budget.

In order to try to overcome this reduction in fiscal revenues to some extent, drawings have been made on 300 million lempiras from foreign sources, Carleto Moreira indicated.

At the same time he reported that personnel were being trained to exercise better control over tax collections in such areas as sales, income, import and export taxes, and other levies.

Efforts are also being made to improve auditing, "which will help make fiscal legislation more efficient without hurting taxpayers while insisting on obedience to the law so that fiscal revenues will grow."

He emphasized that this new training was being provided "because there is still a great deal of fraud committed in the area of sales taxes. There are those who collect the tax and fail to turn it over to the treasury," the official noted.

The Finance Ministry, he revealed, is attempting to uncover the merchants who conduct "this type of operation, which is illegal."

Carleto indicated that the General Customs Office had made changes in the guard-posts on the Guatemalan and El Salvadoran borders and among the auditors in the customs house at Puerto Cortes "in both December and January" in order to review customs clearance certificates and try to "reduce smuggling."

In addition, a review is being conducted of the offices of the various ministries and autonomous agencies with a view to cutting costs and reducing the fiscal deficit, he reported.

Moreover, he stated, in order to reduce this deficit "financing will be undertaken by the autonomous agencies, which are purchasing bonds, and they will be required to transfer funds to the central government."

9015

CSO: 3248/292

BRIEFS

SPANISH CREDIT FOR INDUSTRIAL EQUIPMENT--The Spanish Government is willing to grant Honduras a credit line of over 50 million lempiras for imports of industrial equipment from the mother country, the executive president of the National Investment Corporation (CONADI), Justo Pastor Calderon, has reported. "A working group has been organized at the presidential level in the Spanish government to obtain economic assistance in the form of financing of over 50 million lempiras for Spanish industrial equipment," he stated. There have also been conversations with Spanish firms, one called Vascotecnia, which is interested in investments, and a company named Seguros de Credito a la Exportacion, through which the imports of industrial equipment would be accomplished. /Text/
/Tegucigalpa LA TRIBUNA in Spanish 16 Dec 83 p 2/ 9015

SAN PEDRO SULA MAYOR APPROVED--Tegucigalpa--The Central Executive Council of the Liberal Party yesterday approved Juan Fernando Lopez as mayor of San Pedro Sula, thus paving the way for a second term as head of the town council. Lopez had already been approved by the Local Liberal Council of San Pedro Sula, which supported him before the Central Executive Council; the latter gave him the final stamp of approval. The San Pedro Sula mayor hoped to remain in the post in order to have the pleasure of inaugurating the project which will provide notable water to the city and for which he has fought and carried out the demanding procedures required by the financial institutions. /Text/
/San Pedro Sula LA PRENSA in Spanish 9 Dec 83 p 64/ 9015

CSO: 3248/292

MAZATLAN BISHOP ADMITS POSSIBILITY OF POLITICAL CHAOS

Mexican City EXCELSIOR in Spanish 19 Nov 83 pp 1-A, 19-A

[Article by Armando Sepulveda and Victor Flores]

[Text] Mazatlan, Sinaloa, 18 Nov--Church officials will participate in the electoral processes of Chihuahua, Durango and Sinaloa, with the common good as their orienting policy. This information was released today by Monsignor Rafael Barraza Sanchez, bishop of the Mazatlan diocese. He also said that if national problems are not resolved within a reasonable period, it is possible that the crisis will lead to a catastrophe. "We will wind up with a military or socialist regime."

However, in the face of any kind of problem, he emphasized: "The worse solution is violence; that is not the path since it leads to nothing good." He called upon the inhabitants of Mazatlan (where political passions are threatening to get out of hand) to display good sense and calm.

The prelate said that the country's situation is problem-laden and that "the problems are increasing." In his view, it is difficult to predict whether we will be able to resolve them quickly because, on the one hand, we are witnessing the government's efforts and its desire to overcome them and, on the other hand, he asked: "Are we on the way to the required solution? I cannot say; I do not have enough information."

In an impromptu interview with reporters during a break in the commemorative conference of the 25th Anniversary of the Mazatlan dioceses, Monsignor Barraza Sanchez said that the Church is not an abstract reality and is not on the sidelines of the country's crisis but has accepted it. He then said that there has been a devaluation of spiritual values, which is harming his institution.

"All of us Mexicans in our own way are generating the nation's problems. Thus we cannot disclaim responsibility for them," the Mazatlan Church official said.

Monsignor Barraza Sanchez said it was untrue that the Church has embraced the policy of the National Action Party and asserted that the religious institution "is nonpartisan, that is, it has no party."

However, he clarified that the Church does not accept anti-Christian or materialist ideologies.

He explained that the Church hierarchy with its common-good policy is providing guidance for the parishoners, is enlightening them and giving them support "so that they will not vote blindly. They are being called upon to analyze programs, ideologies and other factors involving parties and candidates before voting.

"The Church does not get involved in judging parties but rather in providing guidance. It is not up to us to say that the PRI [Institutional Revolutionary Party] is thus and so, that the PAN [National Action Party] is like this, that the PSUM [Unified Socialist Party of Mexico] is like that. That is outside our jurisdiction. We also do not say: 'Do not vote for this man or that man.' We ask them to exercise their right to vote, which is good for the country," he said.

The prelate said that the exercise of suffrage is one way of remedying the country's difficult situation. He reaffirmed that the Church does not intervene in party politics but involves itself with the common good, as a duty.

8143

CSO: 3248/323

PUEBLA ARCHBISHOP ISSUES DOCUMENT ON ELECTION EVE

Mexico City UNOMASUNO in Spanish 21 Nov 83 p 7

[Article by Luis Alberto Rodrigueb]

[Text] Puebla, Puebla, 20 Nov--Today, 7 days before the state elections, the Catholic Church has called for the avoidance of any kind of violence, rejection of absenteeism, election of government officials in accordance with the people's faith and the denial of support for ideologies "which tend to destroy the truths of the Gospel," such as the Marxist and materialist ideologies.

In a document which was read in several churches beginning in the middle of this week but principally today, Sunday, the archbishop of Puebla says that the electoral period "is a call from God to every Christian to become aware of his own responsibilities, to examine his mistakes and to renew his attitudes," therefore, "it is necessary for everyone to do the best he can so that this event will be a real civic-political happening."

Signed by the archbishop of Puebla, Rosendo Huesca Pacheco, the document states that "the country's situation is delicate; calls for a more just distribution of wealth; greater private and public honesty, since only in this way violence which we greatly regret will be kept from increasing."

The Catholic Church's exhortation tells the parish that it must get to know the country's political and social reality better and try to become informed of the current circumstances and of the ideas and programs of the political parties so that in this way "every Christian will freely and wisely exercise his right to vote and will avoid acting by mere imitation without personal thought and will avoid the risk of being defeated, rather than convinced, by publicity and propaganda."

In one paragraph, the archbishop calls upon Christians to elect government officials in accordance with their faith, taking carefully into account the teachings of the Gospel and of the Church's hierarchy; "ensuring that the candidates are really seeking justice and fraternity, that they and the parties supporting their candidacies are really honest, that they guarantee

not only by words but by deeds respect for fundamental individual rights, particularly genuine freedom, including freedom of religion.

"It would not be consonant with his faith if with his vote a Christian were to support ideologies which tend to destroy the truths of the Gospel, such as the materialist and Marxist ideologies; this point is a matter of real faithfulness to the Gospel and to the hierarchy of popes right up to John Paul II," the document adds.

Finally, commenting on absenteeism, the document says that this could be a passive and lax attitude which is not justifiable but it could also be an active attitude of a citizen who in this way manifests his nonconformity with the country's situation and his ardent desire for reorientation. The Catholic Church, therefore, calls upon all Christians to make a commitment and indicate what kind of redirection they propose for their country.

8143

CSO: 3248/323

AUXILIARY BISHOP IDENTIFIES 'DEHUMANIZING FORCES'

Mexico City EXCELSIOR in Spanish 12 Nov 83 p 7-D

[Article by Eduardo Chimely]

[Text] Guadalajara, Jalisco, 11 Nov--The economic, political, moral and religious maladjustment of Mexicans "is worrisome," said the auxiliary bishop of this city, Adolfo Hernandez Hurtado, who added: "Because abuses of power, excessive increases in the prices of basic articles, the manipulation of workers and peasants and the corruption of authorities and politicians have produced dehumanizing results."

"All these maladjustments," he said, "are problems which have destroyed human coexistence and have caused most Mexicans to eat fewer than three meals a day."

When he announced that the members of the western archbishopric will include the bishops of Guadalajara, Antonio Sahagun Lopez, Ramon Godinez Flores; Ciudad Guzman, Serafin Vazquez Elizalde; San Juan de los Lagos, Jose Lopez Lara; Aguascalientes, Salvador Quezada Limon; Colima, Jose Fernandez Arteaga; Tepic, Alfonso Robles; Zacatecas, Rafael Munoz and Manuel Romero; and Cardinal Jose Salazar Lopez, he emphasized that wages are inadequate, that there is unemployment and that there is hoarding of food products throughout the country on the part of greedy merchants who want to get larger profits.

Corruption has destroyed the morale of Mexicans. This evil practice which has taken the form of bribery, deceptive practices, theft and breach of contract has worsened the country's situation.

All these points will be reported in a 20-page document which will be read at masses during the western archbishopric which will be initiated in all the churches of the state and entities associated with the organization for a week.

8143

CSO: 3248/323

LABOR SECRETARIAT DECENTRALIZATION TO BEGIN IN 1984

Mexico City UNOMASUNO in Spanish 6 Dec 83 p 5

[Text] Yesterday, the Secretariat of Labor and Social Welfare (STPS) announced that during 1984 it will be decentralized so as to lend greater authority to the federal labor agents in each state of the republic and to simplify procedures.

In a communique, STPS states that each of the federal agencies will receive the necessary instructions and guidance to allow the decentralization to take place without obstacles.

It adds that, in this way, a major step will be taken in the task of fulfilling with increasing stringency the provisions of Article 123 of the Constitution. It explains that the changes will be made gradually, so that they may be translated into greater efficiency in meeting the demands of the citizens who have recourse to the department's federal agencies.

Among the functions that will be decentralized is the one related to conciliation, both individual and collective, associated exclusively with company unions which are not national or which are governed by a legal contract.

It was similarly noted that the supervision of the cooperative associations will also be another function decentralized, so as to protect the jobs that are generated by their operation. Also to be decentralized is the reporting of the minutes of general, special and regulatory meetings, and financial statements and balance sheets; and it is expected that the registration of cooperatives will also be delegated subsequently.

The authority for registering joint commissions on productivity, training and qualifications, as well as the records of labor skills and the supervision of the operation and performance of training agents are to be decentralized in addition.

STPS announced that facilities will be given to business firms to meet the obligations for training and qualification, and action will be fostered that will result in greater efficiency among small and medium-sized firms. Finally, the department announced that, through visits to companies, there would be an overseeing of their compliance with the labor laws insofar as conditions for working, training, safety and health are concerned.

2909

CSO: 3248/336

NEW MINIMUM WAGES FOR NATION'S FOUR ZONES ANNOUNCED

Mexico City EXCELSIOR in Spanish 30 Dec 83 pp 1-A, 8-A

[Article by Angel Soriano]

[Text] At the government's request, labor and management representatives to the National Commission on Minimum Wages (CNSM) accepted an increase of 30.4 percent for the minimum wages that will take effect on 1 January 1984. The wage will be 680 pesos a day for the northern border zone, the Federal District metropolitan area and the country's oil regions.

According to the CNSM communique, the increase is designed to protect the workers' buying power and to save jobs. It will be reviewed in 6 months or sooner, in accordance with prevailing conditions. The commission indicated that the increase proposed by the government's representative was unanimously accepted, "in support of the government of the republic, for national unity, for the unity of the labor movement and to help overcome the current economic situation."

Javier Bonilla, the chairman of the CNSM, said that the boost is in keeping with the provisions of Paragraph VI of Article 123 of the constitution, which states that the minimum wage must meet the minimum needs of workers. The wage increase is also designed to prevent buying power from eroding this coming year.

The CNSM reported that the country has been divided into four zones, in which the increases are as follows: 495 pesos a day instead of 380 in the first zone, which comprises 27 districts, including the states of Durango and Zacatecas, the wage districts of San Luis Potosi Norte, Hidalgo, Oaxaca, Tuxtepec, Guerrero, Mixteca and the districts in the state of Campeche.

The minimum wage has been boosted from 421 to 550 pesos a day in a second zone comprising 48 districts in the states of Sinaloa, Aguascalientes, Colima, Tabasco, Quintana Roo and a large part of the states of Mexico and Queretaro.

The minimum wage rises from 478 to 625 pesos a day in the third zone comprising the following 6 districts: district 5, coastal Sonora; district 25, Monterrey metropolitan area; district 30, Tamaulipas Mante; district 31, Tamaulipas, Tampico, Madero, Altamira; district 44, Veracruz, Poza Rica, Tuxpan; district 47, Guadalajara metropolitan area.

The increase is from 523 to 680 pesos a day in a fourth zone comprising the following 8 districts: district 1, northern Baja California; district 3, southern Baja California; district 7, Sonora, Nogales; district 9, Chihuahua, Ciudad Juarez; district 22, Tamaupilas Norte; district 74, Federal District metropolitan area; district 84, Veracruz, Minatitlan, Coatzacoalcos; district 89, Guerrero, Acapulco.

Both the management representatives and the CNSM officials said that agreement was unanimous and that the boost meets the requirements of the working class.

8743

CSO: 3348/322

CATHOLIC EPISCOPATE CRITICIZES CURRENT EDUCATIONAL SYSTEM

Crisis in Values Seen

Mexico City UNOMASUNO in Spanish 2 Dec 83 p 3

/Article by Amelia Frias Santillan/

/Text/ The Mexican Church is not calling for reform of Article 3 of the Constitution to put an end to lay education but it is recommending that the state permit greater educational freedom so that Catholic moral precepts can be taught because at present "only partial and materialist instruction is being provided which has resulted in the increasing presence in society of indications of corruption and criminality." This statement was issued yesterday by the Mexican Episcopate through its official spokesman, Francisco Ramirez Meza.

During a press conference he also stated that among the recent reforms of the Penal Code, abortion was not decriminalized, "probably because the Church recommended against this to the state, otherwise there would have been great malaise in the Catholic sector of Mexico, which is approximately 90 percent of the population."

Ramirez Meza said that Mexico is the only country in which religious are not permitted to be integrated into the educational systems; therefore, the education of the individual is not integral and fosters erroneous concepts which later deform the conduct of members of society.

"The Mexican educational system has just promoted a crisis in the values of society itself, since it is lacking in moral principles; therefore, we have fraud, crime, and delinquency, social phenomena which for many sectors are normal, depending upon the role they play in public or private institutions or human groups."

He added, "The Church is not calling for the reform of Article 3 of the Constitution but rather is requesting that freedom be permitted in the imparting of Catholic teachings to make society more moral, as is provided in moral renewal."

The spokesman of the Mexican Episcopate said that one of the mistakes of the educational system is the regulation established years ago to prevent the teaching of Latin in secondary schools. "Now they are beginning to study this subject at the elementary level, and this has resulted in lack of knowledge of our own language; for that reason, most of the population has serious problems with spelling and grammar."

He said that the Family Rights Charter presented by the Vatican to all institutions, persons and authorities of the world provides that the "rights of parents are violated when the state imposes a mandatory educational system which excludes all religious training."

Wishes of Parents Cited

Mexico City UNOMASUNO in Spanish 6 Dec 83 p 5

/Article by Teresa Weiser/

/Excerpt/ The Mexican Church regrets that religion has been excluded from the educational sector and maintains the principle that any education which leaves out God is only half an education, according to a statement made yesterday by apostolic delegate Geronimo Prigione.

A similar comment was made by the archbishop primate of Mexico, Ernesto Corripio Ahumada, who also said, "The government has the obligation to do that, since one of its functions is to keep an eye on the good of the community and to respond to the wishes of parents by assuring that their children receive the kind of education most suited to their needs. The government," he emphasized, "has the duty of providing education that represents the wishes of most parents."

The prelates' statements were made during the opening session of the Eighth Guadelupan Congress, which will last 3 days and have as its general subject "the place of Guadalupe in pre-Hispanic and post-Hispanic codices."

Archbishop Corripio Ahumada said that Pope John Paul II had exhorted the Mexican Church to participate more in education, during a visit made by a group of Mexican bishops in October.

8143

CSO: 3248/324

DISSIDENT OIL GROUP TO DENOUNCE NEW STPRM FRAUD

Mexico City EXCELSIOR in Spanish 7 Dec 83 pp 4-A, 23-A

[Text] The Lazaro Cardenas Independent Petroleum Workers Movement [MPILC], headed by its leader, Hebraicaz Vazquez Gutierrez, will disclose this morning another fraud detrimental to PEMEX [Mexican Petroleum], committed by the members of the STPRM [Trade Union of Petroleum Workers of the Mexican Republic] at the Texmelucan Petrochemical Complex, where Senator Salvador Barragan Camacho and Joaquin Hernandez Galicia are engaged in projects involving over 1,142,830,457 pesos, as independent contractors, but with machinery, equipment materials and human resources from the company itself.

Hebraicaz Vazquez, together with Luis Sanchez Ramirez, MPILC's press secretary, Carlos Ibarra, the vice president, and Faustino Gutierrez Davila, the secretary, showed evidence of the charge that they will bring before the Office of the Attorney General of the Republic, and explained, "Let's see if that entity now pays attention to the charge and orders an investigation of it."

STPRM is executing projects through contracts which it signed, included with the documents shown by the members of MPILC, at that complex, located in the state of Puebla, involving over a billion pesos; but they have been paid for by the company itself, despite the fact that it is paying for personnel and materials, and providing its machinery.

According to reports obtained from the Subdirectorate of Works Projects and Construction, as well as from the Industrial Projects management, the contracts are the following, and the amounts are cited:

Contract number GPC-71-79, for 21 million pesos; SPCO 78-80, for 40 million pesos; SPCO 15-82, for 16 million pesos; SPC-1982, for 20 million pesos; SPCO-20-82, for 18 million pesos; SPCO-83-82, for 151 million pesos; SPCO-110-82, for 120 million pesos; SPCO-187-82, for 35,230,457 pesos; 292-82, for 60 million pesos; SPC-300-82, for 16 million pesos; SPCO-306-82, for 6.6 million pesos; SPCO-308-82, for 45 million pesos; SPCO-326-82, for 70 million pesos; and SPCO-200-83, for 530 million pesos.

Hevraicaz Vazquez Gutierrez said: The documents that we shall submit to the Office of the Attorney General of the Republic are for the purpose of an

immediate investigation and so that "there will be no excuses demanding evidence, because on the basis of the Constitution the Federal Public Ministry is required to discharge its function and not to foist its responsibilities on the accusers."

They claimed that the fraud being committed at the Texmelucan Petrochemical Complex "is a sample," because just as it is happening at that plant, the same thing is also taking place in all those developed in the country.

The MPILC leaders explained that they would demand that the Attorney General's Office request PEMEX, and that this firm, in turn, ask of the STPRM General Executive Committee, the lists of personnel working on the projects, as well as lists of suppliers and the infrastructure of the companies supposedly executing the work.

The projects assigned to STPRM are those in the auxiliary services area and the toluene-benzene alkalizing plant which, as has been noted, cost over a billion pesos.

Hebraicaz Vazquez commented that Mexican Petroleum should oversee to make certain that the specifications are met in the projects being carried out by STPRM; because many of the inspectors are bribed by the supposed owners of the construction companies and do not inspect them.

According to the specifications, most of the contracts required completion of the work this year, and by mid-1984, but they are not even 50 percent finished.

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CSO: 3248/336

BRIEFS

VELAZQUEZ: CTM, CONGRESS, PRI LINKED--At a meeting yesterday with senators from the labor sector, Fidel Velazquez leader of the workers' confederation, reaffirmed that the Confederation of Mexican Workers (CTM) is linked and shares responsibilities with the Chambers of the Congress of the Union and with the Institutional Revolutionary Party [PRI]. The leader added: "We, the people and the government together, must continue the effort to carry the revolution forward and to support the country's prosperity." The senators associated with the labor sector visited the CTM headquarters headed by the chamber leader, Miguel Gonzalez Avelar, reciprocating for a recent visit by Fidel Velazquez to the congressional premises. The CTM leader also stated: "The labor movement is closely linked to the government of Miguel de la Madrid." He added that, with their participation, based on the principles of the Mexican revolution, the workers are hastening national development. In expressing appreciation for the invitation, Gonzalez Avelar said that it was typical of the revolutionary movement that the social fighters and popular leaders should support the republic's institutions, and expressed his desire for an even greater intensification of the close relations between CTM, the Chambers of Deputies and Senators and PRI. The legislators' leader remarked: "Let us be capable of joining together with revolutionary solidarity and with a spirit of partisan cooperation, so that we may make the arduous, difficult work of the present leader of the Mexican revolution, Miguel de la Madrid, more bearable." [Excerpt] [Mexico City EXCELSIOR in Spanish 9 Dec 83 p 38-A] 2909

GUZMAN CABRERA WINS STPRM POST--The Trade Union of Petroleum Workers of the Mexican Republic [STPRM] has announced that Sebastian Guzman Cabrera won over David Ramirez Cruz in the elections for secretary general of local 10 of that organization. In a press communique, STPRM notes that recounts were made three times and the results favored Guzman Cabrera. It adds that, a few months ago, a dispute arose between the groups led by each for political control of the local and hence, of the southern area of the petroleum workers' union. Upon winning the elections, Guzman Cabrera, in addition to taking charge of local 10, appears as the successor of Salvador Barragan Camacho as secretary general of STPRM. [Text] [Mexico City UNOMASUNO in Spanish 8 Dec 83 p 8] 2909

CSO: 3248/336

AGRARIAN REFORM SAID TO BE COMPATIBLE WITH MIXED ECONOMY

Managua BARRICADA in Spanish 19 Dec 83 p 3

[Reportage on results of Agrarian Reform published as full-page presentation under page heading "Socioeconomic Monday - No. 32"]

[Text] Agrarian Reform: This Is Democracy

It is commonplace to speak in favor of the Agrarian Reform in the Interest of the Peasantry and Farm Wage-Earners. Even Somozism enacted an agrarian reform "law." However, the journey between words and action is a long one, along which the economic interests of the oligarchic classes conflict with the genuine forces of change.

In the Nicaragua of today, the policy choices and concrete actions that are transforming the peasantry's lot translate into the figures shown in Tables 2 and 4. They are: Elimination of the latifundio, with a resultant strengthening of the CAS's [Sandinist Agricultural Cooperative(s)] and APP [People's Ownership Sector]; a tenfold increase in access to credit by the peasantry between 1978 and 1982; the formation of almost 3,000 agricultural-livestock cooperatives [Table 1] encompassing some 67,000 producers, representing close to 50 percent of the nation's peasantry.

The Agrarian Reform is thus becoming a fundamental force in the real democratization of Nicaraguan society, because in turning land rights over to the peasantry, creating an APP, and expanding accessibility to credit and other resources, we are indeed building a true democracy. When the double-dealing bourgeoisie speaks to us of "democracy," it has in mind a form of political domination that will keep intact the privileges of those sectors that exploit the misery of the majorities.

This process of democratic Agrarian Reform also has another important aspect, namely, the maintaining of a mixed-economy structure which, in the specific case of agriculture, includes the continued and very significant presence of the medium- and even large-scale producers. It provides guaranties to all the sectors willing to operate efficiently and under the laws of the nation.

The motivating force underlying the Agrarian Reform is the economic development of the agricultural-livestock sector. This is evident from the grounds

for application of the Agrarian Reform Law. Of the land assigned by it, 63 percent was idle or being inefficiently utilized. That is, it was not assigned by reason of being worked under capitalistic forms of production, or because it was in the hands of business enterprises that made intensive use of the land. Entirely on the contrary, these lands are being assigned because they are not being intensively used, or because they are not being cultivated, or because very little livestock is being kept on them. Another 18 percent of the land affected by this law was assigned because its owners were not farming it directly; that is, they were either exploiting it as rentage or exploiting the peasants who farmed it under precarial tenures or as tenant farmers (for more details see Table 5).

The remaining 19 percent of assigned land represents neglected farms; that is, situations of failure to use productively the facilities they contained.

It is therefore an agrarian reform that concerns itself with combating the inefficient use of land and increasing in this way the productive potential of the poorer peasantry. By thus adding the APP to the cooperative sector, it is building a modern and vigorous hard core that will be capable of breaking the chains of underdevelopment in our farming sector.

In 1983, the Agrarian Reform took a giant step forward in the interest of the peasantry; hundreds of thousands of manzanas of land became their property. Its major effort in the coming years will be directed mainly toward consolidating the incipient cooperative movement in its various aspects, providing support for the productive capacity of individual producers, and maintaining, subject to our economic constraints, the investment-intensive effort of the past 2 years.

Land for Those Who Render It Productive

Although eased credit is one of the basic mechanisms on which the Revolutionary Government is counting, it would not be playing a major role if it were not coupled with access by the peasantry to the principal source of agricultural-livestock production: Land.

The transformation of agricultural-livestock production in our country is tightly linked to an appropriate land-assignment policy. This was the reason for the enactment of the Agrarian Reform Law, whose fundamental purpose is to guarantee access to land by the peasantry, the social sector that was excluded from society by the previous regime and that forms the controlling majority in the social base of the Revolution. At the same time, structured as it is within the terms of reference of a mixed economy, the Law protects efficient producers and affects only those landowners who exploit their land inefficiently. Its aim is to put into the hands of the peasantry all lands that are found to be in a state of idleness or neglect.

The thrust of the policy of land assignment is abundantly clear: It operates to benefit producers and thereby the economic development of the country.

Since 1979 until now, our agrarian structures have been substantially modified by putting large quantities of land into the hands of the people through the producing peasantry by way of cooperatives and through small-scale individual producers.

Between October 1981 and November 1983, the Agrarian Reform has transferred titles to 381,369 manzanas, most of which have been turned over to their respective owners this year. In all, these manzanas represent a total of 1,418 titles.

The sector that has been most favored in the assignment of land has been that of the CAS's, with 79 percent (302,401 manzanas) of the total land that has been assigned to the peasantry. This is clearly evident from the figures in Table 3, which also shows that in Region II (Leon y Chinandega), where fertility is the principal characteristic of its soil, the process of land assignement has been the most intensive.

By the end of 1983, 574,000 manzanas will have been consigned, the resulting changes in land ownership being those shown in Table 4.

Clearly, the APP and the CAS's are becoming a determinative factor in our agricultural-livestock production.

The most hard-hit sector has been that of the latifundio, which in 1978 controlled some 42 percent, as against only 12 percent now, of [arable] land. On the other hand, the APP and the CAS's will, by the end of 1983, be controlling 30 percent of all land being farmed.

The other sectors are remaining more or less at stable levels.

It is worth noting that 55 percent of the land assigned by the APP to the cooperatives sector is located in the region of the Pacific, whose lands are considered among the best in the country.

In short: Despite the counterrevolutionaries' aggressions and imperialism's economic boycott, the Agrarian Reform project has not only promoted the development of the nation and strengthened the alliance of the popular classes, but has also, from its very inception, posited the possibility that in our country there can coexist, together with the social sector represented by the APP and the CAS's, a strong sector of medium-sized businesses as well as one of individual peasant units.

Table 2 shows the evolution of agricultural-livestock loans. Two very important points emerge from it:

First, the differences between the amounts of credit granted to the small-scale agricultural-livestock productive sector (rural credit) by the Somoza regime and by the National Reconstruction Government.

From 1980 on (1979, as is known, was an abnormal year from the standpoint of production), the amount of rural credit granted has attained an elevenfold level over that granted by Somozism in 1978.

And secondly, the ratios between the rural credits (small-scale producers) and bank credits (large- and medium-scale producers) as percentages of the total credit granted to the agricultural-livestock sector by the Somoza regime and by the Revolutionary Government, which compare as follows: In 1978, bank credit came to 96 percent, while rural credit barely reached 4 percent, of the total credit granted. In 1980, these figures were 73 percent and 27 percent respectively; and in the succeeding years a similar ratio has been maintained: 77 percent and 23 percent, respectively.

The Revolutionary Government's credit policy is based on the assignment of resources to all productive sectors, with special emphasis on small-scale producers to assist them in raising their productive capacity in the agricultural-livestock export sector as well as the domestic consumption one. They will, in this way, be improving their own situation while at the same time contributing to the economic development of the country as well as to improving the nutritional level of our people.

'Cooperativization': The Power of Unity of the Peasants

To speak of the Agrarian Reform is to speak of the entities involved in it.

They are fundamentally two: The Revolutionary Government and the peasant sector, which, with the triumph of the Revolution, has now become one of the basic factors in the building of the new Nicaragua.

There was first of all the overwhelming mobilization of the peasantry, which began on 19 July 1979, in pursuit of an improvement in their living conditions, of access to land, to credit, to technical assistance, etc.

This mobilization, although it expressed itself through various channels (ATC [Association of Agricultural Workers], UNAG [expansion unknown]), took on a well-defined form of its own: The formation of cooperatives throughout the country.

"Cooperativization" is the process by which a parceled-lands economy is gradually and voluntarily converted into a social ownership and increasingly productive form, combining lands, making joint use of productive facilities, associating to obtain credit or other services provided by the state, organizing marketing, distribution and consumption on a collective basis--all with a view to lowering costs, acquiring facilities for production or exchange, and improving one's own living conditions. In short, it means organizing one's life to transform relations based on competition and isolation into relations based on cooperation, concentrating effort and resources.

In just 3 years of the Revolution, our peasantry reached such organizational levels that over 50 percent became an integral part of the vigorous Nicaraguan cooperative movement.

The basic types of cooperatives under which the peasantry has organized have been two: CAS's and CCS's [Credit and Service Cooperative(s)].

The CAS's are agricultural-livestock production cooperatives in which joint use is made of land, labor and capital. They are the most advanced form of organization from the standpoint of democratic and worker-participative operation.

A figure that indicates the extent to which peasants organized in CAS's are presently living under conditions enabling them to emerge from extreme poverty, is the ratio of 7.2 cultivated manzanas per member--according to the National Register of Cooperatives--which is considerably higher than the average of not more than 4 cultivated manzanas per year per peasant in the case of the poorer peasants.

The CCS's are made up of individual peasants who associate for the purpose of obtaining credit and technical assistance services on a joint basis, while their production and surplus operations remain on an individualized basis.

There are also other types of cooperatives involving special terms and conditions, or combinations of CAS and CCS.

Credit: An Agrarian Transformation Factor

Not to be overlooked in considering the state's transformative activity in the agricultural-livestock domain is its credit policy toward the peasants.

During the early years of the Revolution, credit policy was one of the hinges of the agricultural-livestock policy that was aimed at strengthening the small- and medium-scale production sector.

Noteworthy among the most outstanding aspects of this policy were: A substantial increase in the total amount of credit to be made available to small-scale production, accompanied by differentiated interest rates that, being lower than the inflation rates, favor the small producer and, in practice, amount to a subsidy.

Following are the interest rates for the various productive sectors:

CAS's	8 percent
CCS's	10 "
Individual rural producers	13 "
Medium- and large-scale producers	17 "

The Revolutionary Government, performing a historic function, is putting economic resources into the hands of the small producers that, during the time of Somoza, were denied to them in order to maintain an irrational economy in which an infinitesimally small minority grew rich on the sweat of the workers.

[End of text. Tables follow]:

[Table 1] - Types of Cooperatives by Year of Formation

<u>Types</u>	<u>1979</u>		<u>1980</u>		<u>1981</u>		<u>1982</u>		<u>Total</u>
	<u>Num- ber</u>	<u>Per- cent</u>	<u>Num- ber</u>	<u>Per- cent</u>	<u>Num- ber</u>	<u>Per- cent</u>	<u>Num- ber</u>	<u>Per- cent</u>	
CAS	75	13	214	38	122	21	162	28	573
CCS	155	12	836	67	162	13	98	8	1,251
Other	95	9	335	34	209	21	356	36	995
Total	325	11	1,385	47	493	18	616	24	2,819

Source: First Census of Agricultural-Livestock Cooperatives, 1982.

[Table 2] - Evolution of Agricultural-Livestock Loan Grants (1978-1982)

(In Millions of Cordobas)

<u>Sector</u>	<u>1978</u>		<u>1979</u>		<u>1980</u>		<u>1981</u>		<u>1982</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Bank credit (Private business, APP)	2,432	96	1,215	87	2,237	73	3,336	77	3,279	77
Rural credit (Peasantry)	90	4	178	13	831	27	972	23	977	23
Total	2,522	100	1,393	100	3,068	100	4,308	100	4,276	100

Source: CORFIN [Nicaraguan Financial Corporation]

[Table 3] - Land Assigned by Agrarian Reform to Cooperatives and Individuals
October 1981 - November 1983

Region	Cooperatives and Individuals Benefited			Total Cooperatives and Individuals	Total Area (Man- zanas)	Areas by Cooperatives and Individuals		
	CAS	CCS	Ind			CAS	CCS	Ind
I	103	8	82	193	65,030.5	56,405.1	4,504	4,121.3
II	157	19	7	183	90,316	82,668	7,344	304
III	59	3	1	63	30,280.1	28,915.1	1,362	3
IV	147	34	44	225	53,081.8	40,993.8	10,934	1,154
V	46	14	357	417	56,278.4	22,606.8	10,590	23,081.6
VI	104	15	68	187	52,204	44,581	4,037	3,586
Z.E. I	6	-	-	6	12,053	12,053	-	-
Z.E. II	2	-	-	2	1,749	1,749	-	-
Z.E. III	20	-	122	142	20,376.2	12,429.1	-	7,947.1
Total	644	93	681	1,418	381,369	302,401	38,771	40,197

Source: General Directorate of Agrarian Reform, MIDINRA [Ministry of Agricultural-Livestock Development and Agrarian Reform].

[Table 4] - Changes in Ownership of Land (1978 - 1983)

<u>Property Sector</u>	<u>1978</u> <u>(percent)</u>	<u>1982</u> <u>(percent)</u>	<u>Planned</u> <u>1983</u> <u>(percent)</u>
1. Individual Producers			
- Over 500 [*]	41.20	16.60	12
- 200 to 500	13.80	12.00	10
- 50 to 200	29.70	29.70	30
- 10 to 50	12.90	12.90	14
- Less than 10	2.40	2.99	4
2. CAS's	0	1.87	7
3. APP	0	24.00	23
<hr/> Total	<hr/> 100.00	<hr/> 100.00	<hr/> 100

Source: DGRA [General Directorate for Agrarian Reform], November 1983.

* [Unit not specified as published]

[Table 5]

Land Assignments

October 1981 - November 1983

Assignments			Reasons for Assignment (manzanas)				
Region	Number of Farms	Number of Properties	Area (manzanas)	Neglect	Idle or Inefficiently Farmed	Rentage	Precarial or Tenant- Farming Tenure
I	126	73	48,176.9	17,561.7	22,690.9	850.5	7,073.8
II	86	77	75,794.2	12,475	39,802.4	13,983.8	9,533
III	16	15	26,215.6	4,439.3	19,165.9	1,804.1	806.3
IV	54	35	51,367.1	1,330.3	44,071.3	2,985.1	2,980.4
V	45	35	127,229.5	10,656	101,672.5	7,376	7,525
VI	91	85	68,141.3	33,077.4	25,546.4	3,486	6,031.5
Z.E. 1	-	-	-	-	-	-	-
Z.E. 2	5	2	6,293.4	-	5,112	-	1,181.4
Z.E. 3	12	12	17,935.6	956.7	6,739	-	10,239.9
Total	436	334	421,153.6	80,496.4	264,800.4	30,485.5	45,371.3

Source: Estimates based on information from MIDINRA [Ministry of Agricultural-Livestock Development and Agrarian Reform].

SANDINIST COMMITMENT TO MIXED ECONOMY ANALYZED

Managua PENSAMIENTO PROPIO in Spanish No. 6-7, Jul-Aug 1983 pp 23-27

[Passages enclosed in slantlines printed in boldface]

[Text] "I prefer that land be owned by the State. In the particular case of our colonization in the coconut industry, I am inclined toward a cooperative system. But we must study that more carefully." (A. C. Sandino, in a conversation with Ramon de Belausteguiatitia, February 1933)

"There is no way we can force the nationalization of tortilla production; that would be absurd." (Jaime Wheelock, The Great Challenge, ENN, 1983)

The Mixed Economy is working in Nicaragua. But it does not fit any pattern; it is a mixed economy designed for the economic and class structure that we inherited from Somoza. Jaime Wheelock went on to say that "although we may have socialist principles, we cannot resolve the transformation of our society by expropriating all the means of production."

Nicaragua confiscated Somoza's holdings, and with the Agrarian Reform, it has expropriated the idle holdings of landowners. But the private sector still exists (60 percent of the GDP is produced privately), although it is "surrounded" by the hegemony of the people that is being imposed by the Revolution on the Nicaraguan development process. In this article we present some information to help us understand the importance of the mixed economy and the way it is perceived by the Sandinists. As in the article "Our Own Pluralism" (see "Our Region"), we refer the reader to the chapter called "Economy and Nation" in the work "Nicaragua at the Crossroads" compiled by the Central American Historical Institute. The following pages, in any case, provide a complement to that serious report, in that they present more statistics. Here we have covered some topics related to the composition and transformation of /supply/ and /demand,/ existing forms of ownership and the class structure.

Supply and Demand

Twenty-four percent of Nicaraguan national production is generated by the agriculture sector. A similar percentage is generated by the industrial sector. Material production of goods--if we also add mining and construction--equals half of all that is produced in the country. The other half is

the production of services. This structure of production, analyzed from the standpoint of the /supply/ of goods and services, apparently has not changed in 10 years, not even in the last 4 years under the Sandinist administration (see Table 1).

On the /demand/ side, in 1982 90 percent of production was consumed, while only 10 percent went to investment or accumulation. In addition, additional investment equivalent to 20 percent of the GDP was obtained through foreign financing. Ten years ago, 80 percent of production went to consumption, while 20 percent was accumulated. The primary changes, however, have taken place within each of these variables. Thus, /public consumption/ has increased substantially, while /basic private consumption/ has become increasingly important. The latter refers to the consumption of a "basket of goods and services" by the majority sectors of the population. Consumption has not necessarily declined (see Table 1). On the other hand, /private investment/ has dropped in importance, while in 1982 the government's share was double what it had been 10 years earlier.

Table 1
Supply and Demand in Nicaragua 1972, 1977, 1982
(Percentage Structure)

Sectors	1972	1977	1982
Gross Domestic Product (1)	100	100	100
Agriculture	24	22	24
Mining and Construction	7	9	3
Manufactured Goods	22	22	24
Basic Services (2)	8	7	8
Commerce	22	20	19
Others (3)	17	20	22
Gross Domestic Product (4)	100	100	100
Public Consumption	7	8	25
Private Consumption	74	73	65
Basic (5)	—	35	43
Non-basic	—	38	22
Public Investment	6	11	14
Private Investment	8	11	2
Change in Inventories	-2	1	2
External Gap (6)	7	-4	-8
Exports of Goods and Services	29	23	22
Imports of Goods and Services	22	27	30
Total GDP (7)	21211	29353	23420
Per Capita GDP (8)	10800	13000	9200

(1) GDP on the /Supply/ side. (2) Includes Transportation and Communications, Electrical Power and Potable Water. (3) Includes Social Services, General Government, Financial Institutions and Housing Ownership. (4) GDP on the

/Demand/ side. (5) Refers to consumption by population of goods and services considered within a "basic basket." (6) The difference between the Exportation and Importation of /Goods and Services/ by a country in a given year. (7) The total GDP expressed in millions of 1980 cordobas. (8) The total GDP divided by the population of each year, and expressed in 1980 dollars.

Source: Economic Commission for Latin America (ECLA)

Compilation: PENSAMIENTO PROPIO team

Foreign Trade

As for foreign trade--imported goods and services make up the /supply/ and exports make up /demand/--some changes are noteworthy. In 1972, /exports of goods and services/ accounted for 29 percent of national production, while /imports/ made up 22 percent. Ten years later, the situation is the reverse: exports are 22 percent and imports 30 percent.

There are two facts that can explain these changes. On the one hand, the volume of exports has declined, because of both the deterioration in international prices and the crisis in the Central American Common Market, as well as the economic blockade--primarily by the United States--against Nicaraguan products. On the other hand, imports have increased because more services, such as freight and insurance, are available, and because imports of oil have gone up. There has also been significant growth in the importation of food and inputs to contribute to the supply of goods to the population, to reconstruction and to the nation's defense.

Per Capita Production Dropped

It should be noted that the Gross Domestic Product (GDP) in 1982 was considerably lower than it had been in 1977, the best economic year of the Somoza dictatorship. Moreover, since the population has grown faster than production, the per capita GDP has fallen.

In sum, the principal structural modifications have come about on the /demand/ side, that is, in the distribution of goods and services. On the /supply/ side, however, there have been major changes. On the one hand, luxury items are no longer imported, deferring to products that are truly essential to the country's development or to the consumption of the masses. On the other hand, the production of goods has increased substantially--principally agricultural goods but also industrial ones--to contribute to the diet of the population or to the generation of foreign reserves (in that regard, see ECLA, Notes for the Study of Latin America: Nicaragua; 23 March 1983; Mexico, D. F.).

Forms of Ownership

Within the Mixed Economy that Nicaragua is promoting, four forms of ownership exist and are being developed. One is the /People's Ownership Sector/ (APP), created on the basis of properties that were confiscated from Somoza and his followers. Another is the /Private Ownership Sector/ (AP), a capitalist sector made up of agricultural, industrial, commercial and service businesses that are owned by major national or foreign entrepreneurs. Finally, there is

/Small Property Ownership/ (PP), organized in cooperatives and associations of small producers in the countryside and artisans and small merchants in the city.

Before the triumph of the revolution, there were only a few state enterprises in the service sector, while the government played practically no role in material production. The primary entities were large agricultural and industrial firms--some of them foreign--while artisans, small-scale farmers and small merchants lived--or subsisted--in the shadow of the large industrial or commercial landowners. What is the past and present statistical importance of each of these forms of ownership in generating the Gross Domestic Product, in each of the sectors of the Nicaraguan economy?

In 1977, the government generated 11 percent of the GDP, while privately owned production accounted for 67 percent and small producers 22 percent. Three years later, the situation had changed: a little under one-third of the GDP was generated by the revolutionary government or by APP enterprises. The private sector's contribution dropped to 38 percent, while small producers rose to 28 percent (see Table 2).

The principal modifications, however, took place within each of these sectors, particularly in mining, construction, services, foreign trade and finance. Material production also underwent changes, especially through the creation--by means of the confiscation of property--of the APP in the agriculture and industrial sectors.

Table 2
Structure of Ownership in Nicaragua 1977, 1980, 1982
(In Percentages of GDP)

Sector	1977	1980	1982
Agriculture (1)	22	22	24
Ownership	100	100	100
APP	--	14	21
Private	77	63	54
Small Prod. & Coops.	23	23	25
Manufactured Goods	22	25	24
Ownership	100	100	100
APP	--	25	31
Private	85	60	54
Small Prod. & Artisans	15	15	15
Other Material Production (2)	9	7	3
Ownership	100	100	100
APP and State (3)	10	80	90
Private	75	5	5
Small Producers	15	15	5
Government	5	10	9
Ownership (4)	100	100	100

Commerce and Services (5)	42	36	40
Ownership	100	100	100
APP and State (6)	10	25	38
Private	60	25	12
Small Commerce and Services	30	50	50
Total GDP	100	100	100
Ownership	100	100	100
APP and State	11	34	39
Private	67	38	31
Small Prod. and Services	22	28	30
Total GDP (7)	29353	21892	23420

(1) Includes these subsectors: Agriculture, Livestock, Forestry, Hunting and Fishing. (2) Construction and Mining. (3) In 1977 the People's Ownership Sector (APP) did not exist, but the Somoza government invested in construction through the State. (4) By definition, 100 percent of ownership is by the State in this sector. (5) Includes Transportation and Communications, Banking and Insurance, Electricity and Water, Housing Ownership and other Services. (6) In basic services, the enterprises are public and not like the APP enterprises. (7) In millions of 1980 cordobas.

Sources: Economic Commission for Latin America (ECLA), Center for Research and Studies on Agrarian Reform (CIERA), Ministry of Planning (MIPLAN).
 Compilation: PENSAMIENTO PROPIO team

Private Role

The importance of private ownership in these sectors is much greater than the rest of the world believes: 63 percent and 60 percent in agricultural and industrial production, respectively. In 1982, these percentages dropped slightly (54 percent in each sector), but in general this is a categorical fact that proves the real existence of a mixed economy in Nicaragua (see Table 2). Another indication of this assertion is the allocation of credit: 54 percent went to the private sector in the 1980-82 period (see Table 3).

This profile in the structure of ownership is not very different from that of many other Latin American countries (the Dominican Republic, for example), and is even less "statist" than what existed under certain populist or revolutionary governments in South America: Velasco's Peru, Peron's Argentina, Allende's Chile.

Table 3
Allocation of Credit by Economic Sector
and by Type of Ownership in Nicaragua 1980-1982
(in millions)

	People's Ownership Sector		Private Ownership Sector		Total		
	bil.	col./%	bil.	col./%	bil.	col./%	%
Agriculture	2.882	32	6.194	68	7.076	100	45
Livestock	1.293	37	2.163	63	3.4456	100	17
Industry	5.133	66	2.603	34	7.736	100	38
Total	9.308	46	10.960	54	20.268	100	100

Source: Nicaraguan Financial Corporation (CORFIN)
Compilation: PENSAMIENTO PROPIO team

The Sandinists have tried to explain on several occasions that the mixed economy is not a juxtaposition of forms of ownership in which the logic of the profit motive continues to prevail in the allocation of resources. Their point of view has been clearly stated: The "logic of the masses" is what will motivate the Nicaraguan economy in the future, while in the present the groundwork is being laid for that.

But this assertion is so true that neither private ownership nor small-scale production will cease to exist in Nicaragua. And that is not just a problem of political opportunity and the need to gain legitimacy in international public opinion. It is primarily an important element in the model the Sandinists are promoting, which in one way or another draws on the experiences of other revolutionary processes, while building on the class structure, integration within the Central American Common Market and geopolitical location that are unique to Nicaragua.

Class Structure

It is very difficult to categorize classes. One reason is that the concept of class is dynamic, and historically determined. "Official" statistics are not intended to count how many people belong in each social class in a given society. Nonetheless, it is useful to have a general idea of how many are in each "occupational category" in a country, and that information is obtained in censuses.

By stretching the data a bit, one can try to make them "square" with the various classes that theoretically are supposed to exist in a social formation, in this case the Nicaraguan one. This is what has been done in Table 4, on the basis of information obtained from the Center for Research and Studies on Agrarian Reform (CIERA), the Nicaraguan Institute of Statistics and Census (INEC), and the Ministry of Planning (MIPLAN). Of course, all the figures are approximate, and do not reflect the real situation (which is much more complex than what cold statistics reveal), but rather what things would be like if classes were "chemically pure."

In Nicaragua in 1980 there was a Labor Force, an Economically Active Population (PEA), of 908,000 people. Approximately half of them worked in agricultural and livestock activities, and no fewer than 12 percent were unemployed, although 112,000 new jobs were created that year (see "From Reactivation to Emergency" in this issue).

Owners and Wage-Earners

Of the total PEA, 23.5 percent were owners of the means of production, but among them the Latifundists and the Large and Medium Bourgeoisie of the rural and urban sectors accounted for 0.2 percent; in other words, 2,000 owners were concentrated on 13 percent of the land in the countryside, and in 60 percent of industrial production in the city. In rural areas, Agrarian Reform has brought about some modification of this structure, especially since July 1981.

It is curious to note that only one-fifth of the Nicaraguan labor force were owners in the strict sense, and if we added to that what has been called the Wage-Earning Petite Bourgeoisie, the figure falls short of 30 percent. Nearly half of the Nicaraguan PEA belong to the Semi-Proletariat and Sub-Proletariat (that is, people who combine selling their labor with other activities or simply do not have jobs).

On the other hand, less than one-fourth of the Nicaraguan PEA work in APP enterprises or in State services, while 28 percent work in private business, and nearly half are small owners (farmers, artisans or merchants), poor, landless and jobless peasants in rural as well as urban areas.

Peculiar Revolution

Obviously, with this class structure the model selected must be unique. There was no proletarian revolution as was seen in Europe or the Soviet Union. It was not even like the one that took place several decades later in Cuba, which in 1959 had a level of capitalist development much higher than Nicaragua had in 1979, and therefore a much more extensive working class, both rural and urban.

What has taken place in Nicaragua is a Popular Revolution by workers, peasants, semi- and sub-proletarians, patriotic middle-class and bourgeoisie sectors, with a clear hegemony of the people.

Table 4
Labor Force by Social Class and Structure of Ownership
in Nicaragua, 1980
(in Thousands of Persons, and in Percentages)

	APP	Agricultural PEA					Non-agricultural PEA			
		AP	PP	Total	%		APP	AP	PP	Total
Owners (1)	--	40.3	125.9	166.2	39.5	--	1.7	45.1	46.8	9.6
Large Bourg. (2)	--	1.9	--	1.9	0.4	--	0.3	--	0.3	0.1
Med. Bourg. (3)	--	38.4	--	38.4	9.1	--	1.4	--	1.4	0.3
Med. Peas. (4)	--	--	54.5	54.5	13.0	--	--	--	--	--
P. Bourg. Own.(5)	--	--	71.4	71.4	17.0	--	--	45.1	45.1	9.2

Non-Owners (6)	78.0	101.0	74.8	253.8	60.5	128.3	112.8	200.1	441.2	90.4
P. Brg. Wage(7)	2.0	2.0	--	4.0	1.0	63.2	24.4	--	87.6	18.0
Proletariat (8)	8.0	20.0	--	28.0	6.7	65.1	88.4	--	153.5	31.4
Semi-Prol. (9)	68.0	79.0	2.3	149.3	35.5	--	--	79.7	79.7	16.3
Sub-Prol. (10)	--	--	72.5	72.5	17.3	--	--	120.4	120.4	24.7
Total PEA (11)	78.0	141.3	200.7	420.0	100.0	128.3	114.5	245.2	488.0	100.
Percentages (12)	18.6	33.6	47.8	100.0	--	26.3	23.5	50.2	100.0	--
Total GDP (13)	693	3117	1137	4947	22.6	6750	5202	4993	16945	77.4
Percentages (14)	14.0	63.0	23.0	100.0	--	39.0	31.0	30.0	100.0	--
Per-Cap. GDP (15)	888	22059	5665	11778	--	52611	46117	20223	34723	--
Index (16)	3.7	91.5	23.5	48.9	--	218.2	191.3	83.9	144.0	--

	Total PEA				
	APP	AP	PP	Total	%
Owners (1)	--	42.0	171.0	213.0	23.5
Large Bourg. (2)	--	2.2	--	2.2	0.2
Med. Bourg. (3)	--	39.8	--	39.8	4.4
Med. Peas. (4)	--	--	54.5	54.5	6.1
P. Brg. Own. (5)	--	--	116.5	116.5	12.8
Non-Owners (6)	206.3	213.8	274.9	695.0	76.5
P. Bourg. Wage (7)	65.2	26.4	--	91.6	10.1
Proletariat (8)	73.1	108.4	--	181.5	20.0
Semi-Prol. (9)	68.0	79.0	82.0	229.0	25.2
Sub-Prol. (10)	--	--	192.9	192.9	21.2
Total PEA (11)	206.3	255.8	445.9	908.0	100.0
Percentages (12)	22.7	28.0	49.3	100.0	--
Total GDP (13)	7443	8319	6130	21892	100.0
Percentages (14)	34.0	38.0	28.0	100.0	--
Per-Cap. GDP (15)	36131	32752	13683	24110	--
Index (16)	149.9	135.8	56.8	100.0	--

(1) Refers to those who possess means of production. (2) Latifundists and Large Agrarian Bourgeoisie of rural areas, with more than 500 manzanas planted in products for domestic consumption, or more than 65 manzanas in coffee, or more than 200 manzanas in cotton, or more than 1,000 manzanas in livestock, with an average of 912 head. In the non-agriculture sector, refers to owners of large industrial and commercial concerns with more than 100 employees.

(3) Refers to those who possess from 50 to 500 manzanas planted in products for domestic consumption, 15 to 65 manzanas in coffee, or 50 to 200 manzanas in cotton, or 200 to 1,000 manzanas devoted to livestock, with an average of 311 head. In the non-agriculture sector, refers to owners of medium commercial and service concerns. (4) Considering as such those who have 10 to 50 manzanas planted in products for domestic consumption, or 5 to 15 manzanas in coffee, or 5 to 50 manzanas in cotton, or 20 to 200 manzanas devoted to livestock, with an average of 72 head. (5) In agriculture, non-wage-earning

family workers owning the quantities of land listed in (4). In the non-agriculture sector, small industry, minor commerce and independent professionals. (6) Refers to those who do not possess the means of production. (7) Administrators or technicians in production, commerce and services, including government technicians with monthly incomes higher than 1,250 cordobas in 1980. (8) Permanent agricultural workers, as well as wage-earners in non-agricultural material production, government, commerce and services. (9) Poor peasants owning from 0 to 10 manzanas of land in production for domestic consumption, or 0 to 5 manzanas in coffee, of 0 to 5 manzanas in cotton, or 0 to 20 manzanas devoted to livestock, with an average of 17 head. In the non-agriculture sector, self-employed workers and artisans. (10) Seasonal workers who do not own land, including the agricultural unemployed. In non-agriculture sectors, includes domestic and unemployed workers. (11) The Economically Active Population (PEA) is that which is working or seeking work, normally more than 15 years and not less [as published] than 64 years of age. (13) Gross Domestic Product in millions of cordobas; information taken from Table 2. (14) The percentage each form of ownership has in the generation of the GDP. (15) The GDP divided by the number of workers in each form of ownership, expressed in cordobas. (16) Using as a basis the average per worker in the generation of the GDP. APP = People's Ownership Sector. AP = Private Sector. PP = Small Production and Cooperative Sector.

Source: CIERA, MIPLAN, Nicaraguan Institute of Statistics and Census (INEC) and Regional Employment Program for Latin America and the Caribbean (PREALC)
Compilation: PENSAMIENTO PROPIO team

8926

CSO: 3248/309

PLC DELEGATE TO COUNCIL OF STATE GIVES PARTY'S VIEWS

Managua BARRICADA in Spanish 15 Dec 83 pp 1, 5

[Text] Among the political groups comprising the right wing bloc, there is one (the Constitutionalist Liberal Party [PLC]) which boasts of having independent positions and, in some instances, outwardly opposing ones: positions that dissent from the "dissidents."

For example, Julio Centeno Gomez, PLC's delegate to the Council of State, claimed to reporters from BARRICADA who interviewed him in the former office of Dr Ramiro Sacasa, in Managua, that he recognizes "as constructive steps by the government" the intensification of agrarian reform and the literacy programs, and backs the most recent decrees of the JGRN [Junta of the Government of National Reconstruction], particularly the amnesty for the Miskitos and the opening of the electoral process.

Although he is obviously hesitant when it comes to rejecting or condemning the American imperialist aggression against Nicaragua, Centeno Gomez does not have "any fear" of the possibility that other groups from the Sacasa Coordinating Group might criticize his participation as a member in the National Council of Political Parties formed within the Council of State because, as he claims, "fear means weakness, and one thinks first of the fatherland's higher interests."

The differences between PLC and the rest of the Sacasa Coordinating Group seem greater when Centeno states his opposition to the external "vigilance" in the "settlement of our internal affairs"; because "we think of this issue of sovereignty as true liberals, regardless of what the Coordinating Entity may decide or what other parties may think."

Julio Centeno Gomez, the Constitutionalist Liberal Party's representative to the Council of State, describes those in his political group as "a little pinko" when asked about the differences between them and the Independent Liberal Party (member of the Patriotic Front of the Revolution) and the defunct Nationalist Liberal Party of the Somozas.

Although Centeno himself was a deputy representing the Somoza Liberals at the beginning of the 1970's ("they elected me without even telling me," he admits now), he says that they "purged" him for trying to promote social programs

in Rio San Juan (he was a deputy representing that area, because "I was born in Solentiname where Ernesto Cardenal set up his center of creation"). He also acquired "color" from articles that he wrote after a brief trip to Cuba in 1976; and, finally, in 1978 he joined the ranks "of true liberalism," with Ramiro Sacasa's movement.

He says that the PLC advocates "a social liberalism combined with the dogmas of freedom, but, primarily, it must believe that rights and guarantees are of no use to the large hungry majorities, the landless peasants and the unemployed workers."

Centeno does explain: "I see no differences of an ideological nature" from the independent liberals, but only in "era and mystique," whereas, in the case of the Somicists, "they are aborted liberals."

And although the majority of those familiar with the national political environment think that PLC is a small group, mostly professionals of the right wing who form an opinion with the party's letterhead, Centeno claims that it has in its ranks "workers and peasants," and that he cannot give an accurate number of members, "because we have not made a survey and we are currently in a phase of restructuring in view of the electoral process that is approaching."

If It Were Not for Imperialism

The foregoing statements "of principles" seem in keeping with the backing that Centeno claims his party gives for literacy and agrarian reform (or an "agrarian revolution"), and when, in discussing the defense of the national sovereignty, he claims that "the first obligation of any state is to defend its sovereign integrity; it is like a situation of legitimate individual defense."

Centeno also claims to oppose the external "vigilance" over our internal affairs, describing the concrete proposals for peace made by the Nicaraguan revolutionary government, in view of the Central American crisis and the imperialist intervention as "a positive position that Contadora should know how to appreciate."

However, it is when speaking concretely about the aggression that the Reagan administration is maintaining against Nicaragua that Centeno Gomez obviously hesitates, and refuses to condemn or directly repudiate; something which caused the photographer from BARRICADA, after the interview, to exclaim: "If it were not for imperialism, these fellows would be progressives."

When we asked him whether PLC condemned the counterrevolutionary cliques for their terrorist activities against Nicaragua financed, planned and directed by the CIA, Centeno gave this answer:

"I think that there is a great political contest in national life; we in PLC have a civic position. The other groups that you cite have a different position, which differs from our way of thinking."

When we persisted with the same question, Centeno said: "The contest between two sides can be decided and analyzed only by the conflicting sides."

Since we did not understand the reply, we insisted on seeking a concrete answer, but Centeno remarked: "I believe that the answer is clear. Only they can decide. Every individual is the master of his actions and their consequences. We only answer for our own actions."

What Is Terrorism?

There was no way of finding out whether or not Centeno Gomez condemned the counterrevolutionary criminals, because of that business of "every individual is the master of his actions." Whereupon we opted to ask him whether he regarded those "actions" as terrorism. Centeno thought for a long while and commented: "Although we are opposed to any act of terrorism, it is incumbent only on an authorized agency or court to categorize it."

Then we cited some concrete "actions," including the attack on Corinto, where they attempted to destroy a whole town with thousands of inhabitants, and Centeno answered with a touch of evasiveness: "If, in the war situation that the government of the republic is experiencing with those armed groups that you mention, the incident in Corinto is not considered a war-related action, but rather terrorism, we would have to condemn it."

And what does PLC think? We asked him: "Is the Corinto 'incident' terrorism or a 'war-related act'?" Centeno remarked: "We lack the ability to determine when there is terrorism. You would have to see what the Penal Code says."

The 24 Million, Of Course!

We said: "And does PLC at least condemn the interventionism of the Reagan administration against Nicaragua, because you said before that 'true liberals' oppose 'external meddling' in our affairs?"

He replied: "We condemn any meddling by any country in Nicaragua's affairs. If the Reagan administration meddles in Nicaragua, we would condemn it."

We remarked: "Let's observe a concrete instance of 'meddling.' Reagan recently promoted and succeeded in making the Yankee Congress approve the appropriation of \$24 million to finance more acts of terrorism against Nicaragua. Do you and your party condemn that?"

He answered: "Although the decision of the American Congress is an act of sovereignty within its own country, to us it is a reprehensible act, because it is meant to meddle in our affairs."

We noted: "But, besides being 'reprehensible,' do you condemn it or not?"

He replied: "Well, all right, of course."

2909

CSO: 3248/283

BRIEFS

CORINTO CANAL, DIKE PROJECT--The arrival of the primary dike-building equipment at the port of Corinto marks the beginning of work on the coastal protection project. The first dredge is already at work, sucking sand from the bay and shifting it toward the coast. The same dredge and its accessories (pipes of various sizes which will operate with the dredge at sea) have already been unloaded toward the sea, the sole objective being to shift the sand in the bay toward the site of the dike. Ronald P. Vander-Snee, chief of construction on that important project, indicated that the coastal protection works will be fully underway the first week of January, when the other dredge arrives at the port. Its primary objective will be to protect the port from any tropical storms that blow in; these storms frequently batter the western part of the Pacific coastline. The Dutch company Volker Stevin, "considered one of the best in the world, has hired 60 workers who specialize in maritime projects, all members of the Nicaraguan Seamen's Union." Ronald P. Vander added that 40 Dutch technicians will be on the scene at the project, which will take some 3 to 4 months to complete. The general manager of Volker Stevin stated that the access channel has to be cleaned out at least every 3 years because of erosion. He added that the material obtained from this cleaning will be used in the construction of the temporary coastal protection project that is about to begin. Vander reported that as part of the project to build the dike that will protect the port, 100,000 cubic meters of sand will be expelled from the internal channel, also known as "turning basins." The sand will be dumped at the bottom of the bay, since this material is not suitable for use in any work. It may be recalled that this major project is being carried out with the cooperation of the Dutch government, which has contributed 15 million florins (\$4.5 million) to get the project going. [Text] [Managua EL NUEVO DIARIO in Spanish 22 Dec 83 p 10] 8926

NATIONAL FINANCE SYSTEM REORGANIZED--The Government Junta's designation of four vice-presidents of the Central Bank to replace the Nicaraguan Financial Corporation (CORFIN), which had been responsible for the administration and finance policy of the banking sector, will strengthen and consolidate the National Financial System, said Comrade Javier Bone. Bone, who was named vice-president for administration of national banking, along with Fernando Guzman (international), Frank Vanini (investment), and Noel Gonzalez (financial planning), explained that the purpose of the restructuring is basically to streamline credit policy and to allocate foreign reserves to the productive sectors of the country without obstacles. This new measure in the National

Financial System will also cover all CORFIN regions throughout the country. As of the beginning of next year, they will be under the jurisdiction of the Central Bank, he said. He added that a special responsibility of the office of vice-president for bank administration will be to promote efficiency and to enforce the regulations and policies of the Financial System in the banking area. The vice-president for international affairs, Fernando Guzman, will have the primary duty of overseeing the establishment of priorities for foreign reserves and their efficient distribution throughout all productive sectors, he went on. With the integration of CORFIN in the Central Bank, the administration will be centralized in one place (the Central Bank), which will make for better organization and control of financial institutions such as the Nicaraguan Bank (BANIC), the National Development Bank (BND), the Bank of America, and the Popular Credit and Land Bank. [Text] [Managua BARRICADA in Spanish 27 Dec 83 p 8] 8926

FINANCING FOR RURAL INDUSTRIES--The National Development Bank (BND) has now provided a total of 60,417,000 cordobas in financing so far this year to three rural credit programs aimed at small individual and cooperative producers, reported the National Financial System. The rural enterprise program, designed to meet the needs of small non-agricultural producers, such as small merchants, service businesses and artisan industries, received financing in the amount of 53,158,000 cordobas. A second program is that of small-scale fishing, which is designed to promote small-scale fishing throughout the country and coordinate with other state institutions. It received 5,842,000 cordobas in credit, which went to 15 cooperatives, eight of them priority ones. The last program is that of agroindustry, which serves two cooperatives. It received 588,407 cordobas so that the Sisal Growers Cooperative of Somoto could plant and maintain sisal. The National Bank channeled a donation of 60,000 cordobas from the Canadian Government through the International Reconstruction Fund (FIR) to this cooperative for the purchase of machinery for processing sisal. Within the latter program is the Broom Makers Cooperative in Nandayosi, which in addition to manufacturing brooms produces raw materials for making brooms from sorghum. It was granted 829,865 cordobas in financing. The goal of these programs is to create better market outlets, provide sources of employment in rural areas, and to save foreign exchange, since these products replace others that would be imported. [Text] [Managua LA PRENSA in Spanish 22 Dec 83 p 7] 8926

COTTON FINANCING--The National Financing System authorized financing of up to 1.5226 billion cordobas for the current cotton cycle, which will be directed toward the growing of 159,770 manzanas of the white fluff, it was learned from that institution. In the second region, comprising Leda and Chinandega, to date 352.683 million cordobas have been provided to grow 142,490 manzanas; and, for the cutting, up to 324 million cordobas in financing will be supplied. The cotton-growing areas located in Granada and Masaya, comprising the fourth region, have had 14,610 manzanas prepared, with a sum of 109.547 million cordobas for the precutting, and for the cutting approximately 38 million cordobas will be provided. To grow 2,670 manzanas of cotton in Managua, financing amounting to 18 million cordobas has been supplied, and 6 million cordobas will be given for the cutting. The foregoing means that the National Financing System provided for 30,405 manzanas more during this cycle than last year, with a 23.5 percent increase over the 1982-83 cycle, according to the final comment made by that institution. [Text] [Managua LA PRENSA in Spanish 10 Dec 83 p 5] 2909

BOUTERSE SEEN LOSING SUPPORT OF HINDUSTANIS

Amsterdam ELSEVIERS MAGAZINE in Dutch 10 Dec 83 pp 112-113

[Article by Sig. W. Wolf: "Another 'Coup': Bouterse Now Taking on Hindustanis"]

[Text] With a round of arrests among the Hindustanis, Bouterse is attempting to break their passive resistance. The dictator, said to be on the verge of leaving the country, is making one last attempt by again stirring up latent race conflicts.

Feeling himself increasingly forced into a corner, the Suriname ruler, Desi Bouterse, is devising ways to shore up his shaky position. Supposed counter-coups, invasions of mercenaries, economic sabotage, treason in his armed forces, conspiracies from abroad, even the use of blackmagic--locally called "wisi"--by groups of the population hostile to him are being cited by him as reasons to take forceful action against suspected opponents. Last week he had 20 Surinamers arrested, primarily of Hindustani origin.

He thus seized the opportunity that he had very reluctantly been compelled to forego: that of gaining the backing of the creoles with charges against the largest Asian population group in Suriname society. The Hindustanis were branded the major threat to the revolutionary process and thus to Suriname society.

During the past 3 years of his administration, Bouterse has--under the guise of a policy of strength through unity--tried in vain to win over the Hindustanis in the population. That they were accorded a rather insignificant role in the revolutionary process had not escaped the notice of this largest and economically most active group of Suriname society. Not that they regretted it so much. Leftist ideas are not the most attractive choices for a conservative group, one that by dint of hard work controls commercial life in Suriname and manages to acquire key positions in the administrative and judicial system.

True, the "tableau de la troupe" of the Suriname revolution initially included several Hindustanis, but they were regarded in the Asian community as eccentrics with their leftest-radical notions. They were hardly considered

representatives and have already been forced to pay the price of the revolution. Officers from the first hour of the coup d'etat such as Joeman and the controversial Sital have been shunted off. They have both beaten a retreat to Cuba.

The most hated officer, Paul Baghwandas, who enjoys the dubious reputation of a hangman because he commanded the firing-squad that executed 15 prominent people at Fort Zeelandia on 8 December of last year, sits at the top with Bouterse in the recently proclaimed "Stanvaste" [stand firm] unity movement. But that is a tactical move on the part of the commander, justly believing that he is better off having Baghwandas around as a friend than as an enemy.

The grossly overrated coterie of Hindustani leftist psuedo-intellectuals led by the mentally unstable Premier Alibux--more active outside the government than within it--is in decline. This group of desperados has never been able to gain a foothold in Suriname society anyway because of their utter unreliability and an insatiable desire for material wealth and political power.

Bouterse is entirely aware of this. He has always tried to gain the wide support of the Hindustanis. But their leaders--the wily politician Jaggernath Lachman among them--always stood in his way. When it then appeared that passive resistance was increasing in the agricultural districts of Saramacca and Nikerie--populated for the most part by Hindustanis--the challenged Suriname ruler intervened. He did this at first gradually and covertly by replacing Hindustanis in important administrative posts and in the judicial branch with creoles whose sole merits are an opportunistic canine loyalty to the leader of the "Revo" and a revealing lack of expertise and experience.

As the decisive deathblow to the Hindustanis, Bouterse concocted a conspiracy in the Nikerie rice district on the eve of the memorial to the dead of "8 December." There followed a wave of arrests among the Hindustanis. Earlier a similar accusation had not amounted to anything. A year and a half ago, it was announced from Paramaribo that a plan had been forged in a Hindustani temple for an attempt on the lives of the country's key leaders while they were attending a religious service. Several suspects were arrested but released shortly afterward by the Public Ministry when it became clear that the entire report regarding the assassination had been cooked up. This greatly angered Bouterse, and he let it be known in government circles that he was not to be denied his day of reckoning.

The Hindustanis had been warned. Those unable to leave the country remained calm and reconciled themselves to the mounting witchhunt conducted by those in power. They made life fairly impossible for the Hindustanis. The import-export licenses of Hindustani businessmen were revoked. They were threatened with the withdrawal of subsidies to Hindustani and Muslim schools. Hindustani boys serving in the military were discharged or given the most unpleasant assignments in the army. There is scarcely a single Hindustani to be found in the people's police.

Last week at a press conference in Paramaribo, two Hindustanis were presented who made "full confessions" of coup plans that included an invasion of mercenaries financed by the Suriname resistance group in the Netherlands.

A state of "chaos with burning and killing" was to precede the planned takeover. There was even a list compiled calling for the deaths of certain military and civil authorities. The Netherlands and France were accused in the breath of having a hand in these plans. France was included because collaboration was thought to be coming from French Guiana, causing Surinamers to be "shot dead by their own people."

The accusations directed at the French are new but not at all surprising. Feeling helpless and angry, the government in Paramaribo is forced to stand by as members of the French Foreign Legion at the border between French Guiana and Suriname give logistic and material assistance to Surinamers fleeing the Bouterse regime. A hospital at St. Laurent de Maroni on the border has been set up as a permanent reception center where the refugees can recover with French bread, cheese and wine.

At the Marowijne border river, members of the French Foreign Legion repeatedly have forcefully corrected Suriname military patrols that wandered off course. Two months ago, the French government let Paramaribo know in no uncertain terms that it had no desire to cooperate in a Paramaribo-Amsterdam air route via French Guiana and Paris in order to get back at the Netherlands by hurting KLM in the airfare conflict. Paris did not wish to involve itself in what is essentially a political conflict by teaming up with a regime that constantly compromises itself.

The unequivocal French position was the real reason that the military dictatorship in Paramaribo raised the accusing finger at Paris. But this scolding was one of many helpless gestures stemming from the position of desperate isolation into which Bouterse has maneuvered himself. The resistance at home and the increasingly tougher opposition of countries outside the region, countries from whom assistance was expected, are causing the government in Paramaribo to become insecure and irrational.

Such a situation offers a greater opportunity to settle scores with any supposed opponents. Bouterse would be the last to allow this opportunity to slip by. His hands are defiled, and he can no longer hide his true face. This may be the reason that he sent his wife to the United States to get a house ready.

9992

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OIL POLLUTION SEMINAR CONSIDERS IMPACT OF SPILLS

Government Concerns

Port-of-Spain TRINIDAD GUARDIAN in English 25 Nov 83 p 6

[Text]

THE MINISTRY of Energy is not happy over the manner in which oil spills are handled. Acting Permanent Secretary in that Ministry, Mr. Trevor Bhoopsingh, told a seminar on Wednesday that while pollution incidents had decreased over the last year with the decline in oil production, "the techniques exhibited in handling the few spills during the year" gave much cause for concern.

In fact, he said, it was this concern which had led to the seminar on pollution control.

Speaking to an audience of representatives of firms involved in the petroleum industry at Farrel House, Mr. Bhoopsingh called for "a resolve amongst oil industry officials" to continue to allocate a share of their budgets, even in these times, to preventing pollution of the environment."

"The appropriateness of this suggestion becomes even clearer later when the net benefits which could accrue to your profit and less accounts are taken into account," he told oil industry officials.

Mr. Bhoopsingh explained that the primary role of the Ministry of

Energy was to ensure the development and expansion of the petroleum and other mining industries in the country.

He called on all companies to have well-defined environmental policy with special emphasis on the need for prevention as well as for assessing the future environmental impact of today's decisions.

Yesterday/ the seminar shifted to the Convention Centre, Chaguaramas, for the closing of the two-day proceedings.

Monitoring Program

Port-of-Spain TRINIDAD GUARDIAN in English 25 Nov 83 p 11

[Text] Local researchers and scientists are engaged in a study of the various types of marine life in the Gulf of Paria and are examining the water columns with a view to establishing a base line to determine the rate and effect of pollution caused mainly by the petroleum industry.

Speaking at an Oil Spill Pollution Control Seminar at Farrel House Hotel, Claxton Bay, on Wednesday, Mr. Peter Norman, scientist attached to the Institute of Marine Affairs, said that sediment studies would complement the water column work and together with the beach tar research already completed and the monitoring of floating tarballs in progress, a more comprehensive picture should eventually emerge of the overall oil pollution situation.

He said that 16 locations were chosen for long-term monitoring. Each station was chosen to give a wide representation of different coastal environments, including areas at most risk from oil pollution.

Difficulty

The seminar was organised by the Ministry of Energy and Natural Resources in collaboration with the Trinidad and Tobago Coast Guard. There were numerous questions from a host of delegates representing departments of Government and oil companies.

The panel of researchers and scientists who presented documents and gave lectures on the work being done, explained in answer to questions that it was difficult for Trinidad and Tobago to tackle any company found polluting since the base-line information had not yet been prepared by the Trinidad Government.

Research, the seminar was told, would provide developmental standards from which to work. Methods of research were adopted from standards set abroad.

The monitoring of the sea bed to discover the extent of pollution and its effect on marine life was being undertaken. The research panel said that the project included the monitoring of life at sea from Nelson Island to Port of Spain harbour and from Point a Piere to La Brea.

Mr. William Walton, consultant of Walton International Consultant Corporation, in a paper presented at the seminar by a member of the panel said that the oil carry-over in water "goes un-noticed because of the small amount of oil in a large volume of water".

He said the discharge of 30,000 barrels of water per day containing 500 ppm of oil resulted in the loss of US \$450 (TT \$1,080,000) day or US \$164,250 (TT \$394,000) per year in oil revenues.

"It also results in the discharge of 15 barrels of oil per day to the environment. If this one example is multiplied by the number of producing oil wells, the problem becomes significant", Mr. Walton wrote.

Mr. Walton said that although not much work had been done in Trinidad with regard to the problem of oil spill pollution, "it is hoped that enough interest is generated by the seminar to ensure that evaluation commences".

CSO: 3298/322

WATER, SEWERAGE AUTHORITY PLAN TO REPLACE ISLAND'S MAINS

Port-of-Spain TRINIDAD GUARDIAN in English 1 Dec 83 p 14

[Text]

THE WATER and Sewerage Authority (WASA) is to embark on a mains replacement programme throughout Trinidad and Tobago. This has been made possible with the arrival of \$7.5 million worth of ductile iron pipes stored at WASA's Carlsen Field storage complex.

WASA said that ultimately the programme would generally improve the water distribution system in the areas to benefit.

In all, 45 kilometres of pipes in varying sizes were imported from the United States.

Mrs. Alma Thompson, WASA's Public Relations Officer explained:

"The pipes will be used to replace some of the corroded and undersized distribution and transmission mains in a number of areas in North, South and Central Trinidad and in Tobago.

"In addition to strengthening the distribution system, the projects will provide employment for hundreds of persons in the districts where the pipes are to be installed."

The Authority's Chief Engineer (Operations and Maintenance), Mr. Emmanuel Romain, said that subject to the availability of funds,

priority would be given to the following projects:

- Replacement of the Hollis Main from Morvant Junction to the Picton No. 1 reservoir.

- Replacement of the Hollis South Trunk Main between Streatham Lodge, Tunapuna, and Frederick Settlement, Caroni.

- Laying four kilometres of pipeline between Harmony Hall and the Bad Hill Reservoir, Tobago.

- Laying four kilometres of pipeline along the Windward Road to the Fort Reservoir in Tobago.

- Laying four kilometres of pipeline from the Cap-de-Ville Reservoir to Central Point Fortin.

Mrs. Thompson added: "Each job is estimated to cost the Authority more than \$2 million but in the end it will mean an improved water supply wherever the mains have been replaced."

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BRIEFS

ARMS, UNIFORMS SEIZURE--Police, acting under a "top secret" operation devised by Commissioner Randolph Burroughs, yesterday detained six men and two women at a commune in California, Central Trinidad, in connection with a number of recent armed robberies, one in which a man was shot in his neck in a snackette in Cunupia. According to official sources, the group planned "spectacular raids" during the Yuletide season. This is based on information received. Two shotguns, large quantity of ammunition, police uniforms and masks were found during yesterday's action which was carried out by the Flying Squad and members of the Central Division Police, headed by Inspector Jim Wyse. Mr. Burroughs has praised members of the public who recently assisted policemen in the apprehension of alleged criminals. [Text] [Port-of-Spain TRINIDAD GUARDIAN in English 2 Dec 83 p 1]

STEEL TO PUERTO RICO--Central Trinidad Steel (CENTRIN) has described two shipments of locally manufactured steel products to Puerto Rico as a major breakthrough on the United States market. Centrin, which is the privately owned spinoff from the Iron and Steel Plant at Point Lisas made the two shipments to Thyssen of Puerto Rico. Dansteel advertising manager Ken Ali told the EXPRESS San Fernando Desk that the shipment was part of a 3,000 tonne delivery for Thyssen. Mr Ali also said that Centrin, which is a fully-owned subsidiary of Dansteel, created history at the Point Lisas estate with its first shipment to Puerto Rico. Apart from being the first time that Centrin was exporting to the prized U.S. market, it was also the first time any company was using the Point Lisas port facilities for export purposes; he added. The first shipment which was shipped on the MV Westridge consisted of 660 tonnes of mild steel squares while the second shipment was made through the Port of Spain docks last week on the MV Rio Yuna included 1,200 tonnes of angles, flats and squares. Dansteel's head of international sales office, Winston Ali also said that Centrin continued to generate international interest adding that 32 confirmed orders involving 7,082 tonnes of steel products had been made by Caribbean customers. The Dansteel "International sales head" also said that there were eight major enquiries from international firms for orders ranging from 1,500 to 100,000 tonnes. [Text] [Port-of-Spain EXPRESS in English 28 Nov 83 p 25]

CSO: 3298/322

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